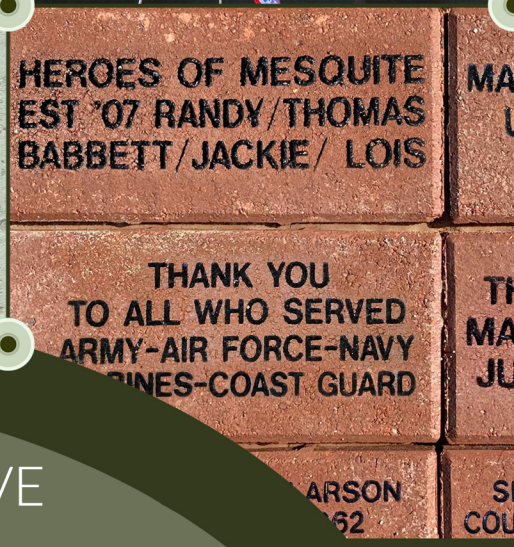
DEDICATED NOVEMBER 6, 2020

THIS MEMORIAL IS DEDICATED TO THE MEN AND WOMEN OF THE UNITED STATES ARMED FORCES AND THEIR FAMILIES BY A GRATEFUL COMMUNITY.

FREEDOM IS NOT FREE AND THE CITIZENS OF MESQUITE A... THANKFUL FOR THE... AND SAC...



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021

CITY OF MESQUITE, TEXAS

City of Mesquite, Texas

Annual Comprehensive Financial Report

For the Year Ended September 30, 2021

Prepared by the City of Mesquite Accounting Department

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City of Mesquite, Texas
September 30, 2021

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September 30, 2021

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CITY OFFICIALS

SEPTEMBER 30, 2021

CITY COUNCIL

Bruce Archer, Mayor

Sherry Wisdom, District 1

Kenny Green, District 2

Robert Miklos, District 3

Tandy Boroughs, District 4

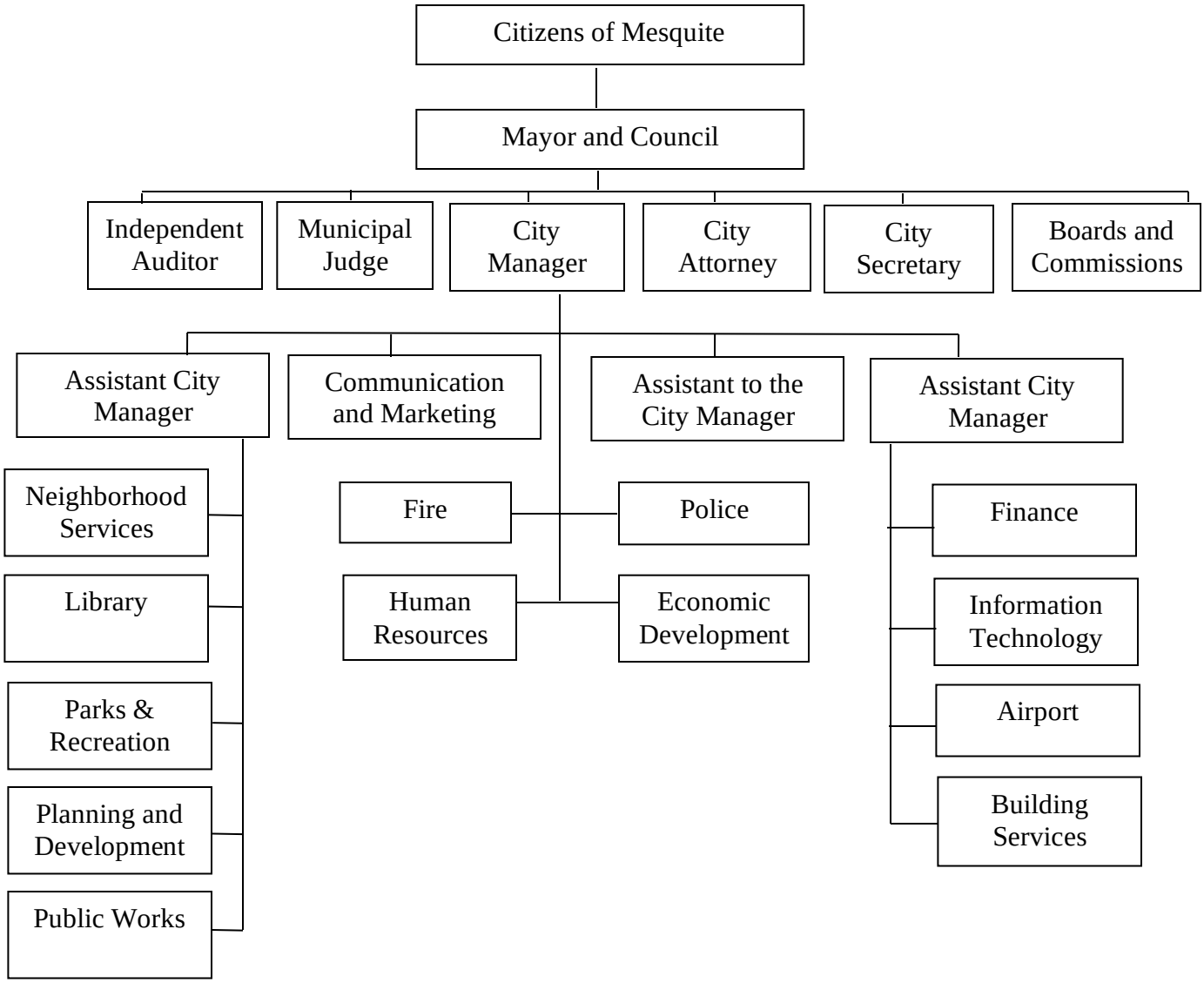
B.W. Smith, District 5

Daniel Aleman, District 6

Cliff Keheley, City Manager
Cindy L. Smith, CGFM, CPM, Director of Finance
Ashley Tierney, CFE, CGFM, Manager of Accounting Services

City of Mesquite, Texas

Organizational Chart
September 30, 2021



April 1, 2022

Honorable Mayor, City Council, and City Manager
City of Mesquite, Texas:

The Annual Comprehensive Financial Report (Annual Report) of the City of Mesquite, Texas (City), for the fiscal year ended September 30, 2021, is hereby submitted.

This report provides the City Council, staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BKD, LLP has issued an unmodified ("clean") opinion on the City's financial statements for the year ending September 30, 2021. The independent auditor's report is located at the beginning of the financial section of this report.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements.

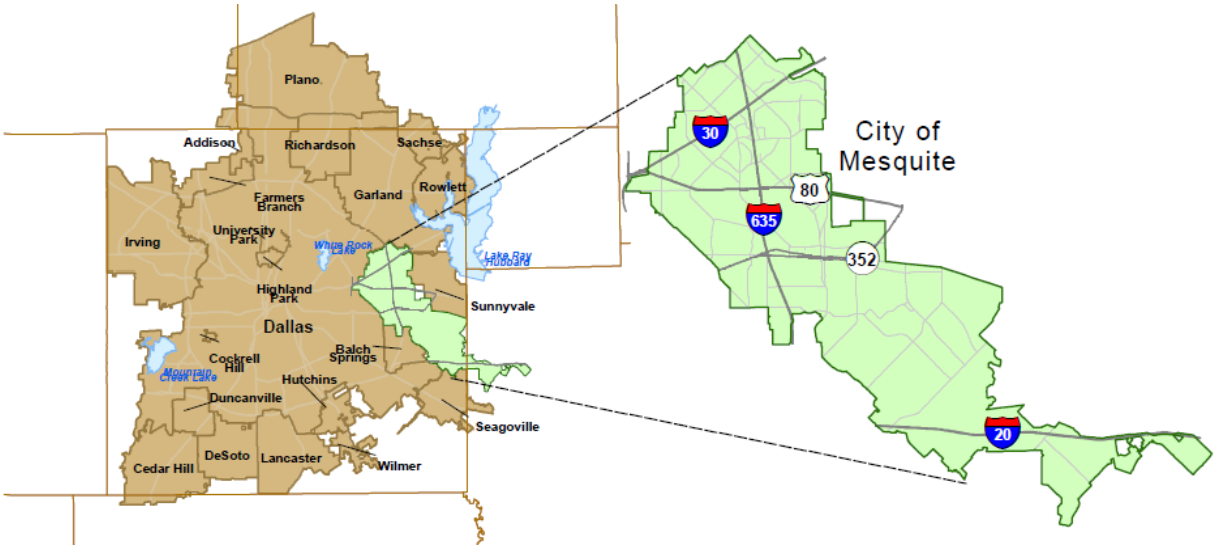
Article IV, Section 32 of the City Charter requires an annual audit of the books of account and transactions of all City departments be conducted by an independent certified public accountant selected by the City Council. The City is also required to undergo an annual single audit in conformity with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Rewards* (Uniform Guidance). Information related to the single audit, including the supplemental schedule of federal awards, schedules of findings and questioned costs, and independent auditor's reports on internal controls and compliance is issued separately.

City of Mesquite, Texas Profile

The City resides in eastern Dallas County, with its corporate limits adjoining the corporate limits of Dallas for approximately eight miles. The central business district of Mesquite is roughly 13 miles from downtown Dallas. The incorporated area of Mesquite is presently 48.94 square miles.

Mesquite began as a small farming settlement until 1873 when the Texas and Pacific Railroad arrived. Operating as an unfranchised township, it wasn't until December 3, 1887, that citizens took action to incorporate in Dallas County.

Over the years Mesquite grew not only in numbers but in strength and importance, becoming a viable agricultural center by the turn of the century. The Town's population increased threefold between the 1890 and 1900 U. S. censuses - from 135 to 405 - and grew to 729 by 1930. Twenty years later, in 1950, Mesquite was home to 1,696 citizens, and that is when explosive growth began. In 1960 the population jumped to 27,526, and to 67,053 in 1980, and 124,523 in 2000. Today, Mesquite's population is an estimated 150,000, making it the 21st largest city in Texas and the 10th largest in the Dallas Metroplex. Mesquite is still one of the most dynamic cities in the Metroplex, served by excellent schools, churches, healthcare institutions, cultural and entertainment facilities, parks, playgrounds, and many other amenities.



The City of Mesquite provides a full range of services, including police and fire protection, streets, health and solid waste services, libraries, parks and recreation, planning and zoning, and general administrative services. Additionally, water and sewer utility services, drainage utility services, municipal airport and the municipal golf course are provided under an enterprise fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and timely payments on outstanding debt. Certain public safety, transportation, and parks and recreation services are provided through a legally separate Quality of Life Corporation, which functions, in essence, as a department/fund of the City of Mesquite and, therefore, has been included as an integral part of the City's financial statements.

The City of Mesquite is a Home Rule City operating under a council/manager form of government. The City Council is comprised of a mayor and six Councilmembers. Councilmembers serve two-year terms and are responsible for appointing the City Manager, Municipal Judge, City Attorney, City Secretary, City Health Officer, Independent Auditor, and members of various boards and commissions. The mayor is elected at large, and all six Councilmembers are elected from within their respective districts. The City Manager serves as the administrative head of the municipal government and is responsible for carrying out policies and for daily management of the City.

The City's financial statements include twenty-two component units, which are discussed in *Note 1* of the Notes to the Financial Statements. Component units are legally separate entities for which the primary government is financially accountable.

Local Economy

Like most other communities in the country, Mesquite began recovery from the COVID-19 pandemic in 2021. Although every sector of the Mesquite community has been challenged, staff remain committed and the city, community, and partners continue to pull together and stay strong.

Economic development plays a critical role in the growth and financial sustainability of the City. A strong focus is given to business retention and expansion; new business attraction; workforce development; retail and special district redevelopment; land development; marketing; project research, data, and analysis; and incentive programs and negotiations. Solid performance indicators of recovery in 2021 for the City of Mesquite include an 8.9% increase to $9.24 billion in total valuations; 18% increase in real property valuation; and $74.1 million in new construction.

The City continues to benefit from the strength of the Dallas area economy. The Metroplex has ranked high nationally in attracting new business and expansion of existing companies. The area remains a major distribution and financial center for the Southwest, and the growth of high-tech industries, service industries, trade, and corporate headquarters have provided a strong, stable, and diverse regional economy.

Mesquite has several other elements which help foster an optimistic economic outlook for the City including the availability of affordable housing, a well-educated work force, and a strong agile retail and service-oriented marketplace. Mesquite also benefits from having four major highways crossing through its corporate limits and is well served by rail and intermodal facilities. Dallas/Fort Worth International Airport and Dallas Love Field Airport are located nearby to meet the community's demand for commercial passenger air transportation and the City operates its own municipal airport facility for corporate and general aviation.

Consistent growth in all sectors of the commercial, industrial, and retail markets, with a continued surge in new industrial development remains strong in the City. Tremendous residential growth persists as developer's continue site work, finalize subdivisions, start new phases, and make progress in building out Mesquite's neighborhoods into the next decade. Residential growth will also spur continued commercial growth, especially in the southern Mesquite neighborhoods and along IH-20 in the Trinity Pointe area of Mesquite. Industrial activity is led by new corporate relocations and facility expansions, along with over sixteen million square feet of new speculative development in design or under construction through 2030, resulting in $1 billion in new real property.

Retail activity was led by experiential retail, grocery, and new dining options, with new land development preparing for future brand attraction. In partnership with stakeholders and prospective end-users, redevelopment plans for reuse and expansion in, and surrounding Town East Mall and the Market East Shopping Center continue with more than 100,000 square feet of new retail space in Market East. Town East Mall remains a strong economic driver on a consistent basis.

International companies who have already chosen Mesquite include Ashley Furniture Industries, Orora Visual, Iris USA, Pepsi Co, Benjamin Moore Paints and Elements International.

As the "rodeo capital of Texas", the City experienced a strong entertainment rebound in 2021. The Mesquite Arena and Convention Center was busy ramping up for its renown Mesquite Championship Rodeo, and brought in new national attractions including concerts, dog shows, and the Texas Fly Fishing and Brew Festival. Mesquite tourism has an annual economic impact of over $200 million and 2021 regained momentum.

The Mesquite Metro Airport experienced a strong recovery in 2021 with record levels for airport operations (102,392 takeoffs and landings), gallons of aviation grade fuel sold (363,393), and total revenues ($2.4 million). The Texas Department of Aviation published the economic impact of the Airport at $26 million, up $3.3 million (14%) from their previous economic impact report. With an estimated 2021 taxable value of $21.5 million, the Airport continues to invest in infrastructure and services that will capitalize on the growth surge and sustain its ranking as one of the best general aviation airports in Texas.

Major Initiatives

Following direction of the City Council, several initiatives were undertaken during the year to improve the quality of governmental services the citizens of Mesquite have come to expect. These improvements were identified after a systematic review of all City activities in which each program was analyzed to ensure that it was needed and wanted by the community and that it was being provided with maximum efficiency at the lowest cost possible. An excellent source of information about the City, its services, and current initiatives can be found at the City's website at http://www.cityofmesquite.com.

The City continued its residential street bond reconstruction project, which is a $125 million general obligation bond authorization that was approved by voters in November 2015. The Trinity Pointe corridor along IH-20 maintains development interest in multiple residential, commercial, and industrial projects.

Staying ahead of growth requires major initiatives in the service delivery of water throughout the City of Mesquite. The City broke ground for the new Matthew Holzapfel pump station that will provide water to the southern sector of the City. In addition, the City acquired Markout Water Supply Corporation and began the transition of approximately 1,200 water customers to the City's water utility service. The Advanced Meter Infrastructure (AMI) project launched in 2021 and will replace all City of Mesquite water meters with a new radio read system. This project will improve efficiencies in the water utility operations and enable enhanced water conservation and consumption management by residents and City staff.

Ingenuity abounds in the redevelopment of the historic downtown area. Front Street Station was officially opened in May 2021. This $5.5 million investment in downtown infrastructure is paving the way for new business and property development in the downtown area. This project included more than 1,400 linear feet of water line, more than 3,200 linear feet of drainage pipe, and more than 2,000 linear feet of sanitary sewer pipe, plus three grease traps, which were installed to accommodate restaurant development. Above ground, the area offers additional parking, more than 50 new streetlights, an event venue, and more. The Downtown Mesquite Farmers Market opened in June 2021 at Front Street Station. The success of the farmers market exceeded all expectations providing artisan goods, produce, art, live music and more every Saturday morning. The Texas Downtown Association awarded Downtown Mesquite its Best Digital Promotion award for its Small Business Saturday video series completed in partnership with the videography department of the Mesquite ISD. This honor was added to previous President's Awards for Best Economic Game Changer, Spirit of Downtown, and Best Traditional Event.

Long-term Financial Planning

In January 2021, City Council met to review their current policy issues and goals for the City. These policy issues relate to safe community, attractive neighborhoods, improved transportation and mobility, vibrant economy, high performing/transparent government, and quality recreation and culture. More detail on the City Council Strategic Goals and Objectives can be found on the City's website. City staff continued to utilize the budgeting for outcomes process to prioritize resources for the fiscal year 2021 budget. The budgeting for outcomes process allows City staff to better allocate limited resources to the highest priority's established by citizens and which are better aligned with City Council goals.

Capital projects such as new roads, continued traffic improvements along the IH-635 interchange area, drainage improvements throughout the City, and new water storage and distribution projects will continue to be a priority as well as maintenance and expansion of the City's general infrastructure. To address these goals, the City maintains a 10-year capital improvement plan that provides a long-term framework for the development and maintenance of infrastructure to meet current and future needs.

The City Council also recognizes that the need to attract and retain a qualified workforce is dependent upon a competitive compensation and benefit package for City employees. Future plans include continued support of an adopted pay plan that establishes compensation for City employees at the "market midpoint" as determined by a survey of peer cities. The City Council is also committed to regular reviews of employee benefits such as insurance, retirement, paid holidays, and working conditions to ensure that Mesquite is providing an attractive work environment.

Relevant Financial Policies

Internal Controls. City management is responsible for establishing and maintaining an internal control structure design to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accounting System and Budgetary Controls. In addition, the City maintains strong budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

Budgets are legally adopted by the City Council for governmental funds other than Capital Projects Funds and the Other Special Revenue Fund, at the fund level of control. Project-length financial plans are adopted for Capital Projects Funds. Advisory budgetary control is maintained at the object class level (personal services, supplies, contractual services, capital outlay, etc.) in each departmental budget, and encumbrances are entered at the time a purchase order is issued. Outstanding purchase orders are reported at year-end as assigned fund balance and the commitments will be honored during the subsequent year.

The budgetary process begins each year with the preparation of both revenue estimates and expenditure requests by each City department. Budgets are reviewed by members of City management, the Finance Director, and the Manager of Budget and Treasury. The City Manager makes final decisions and submits a recommended budget to the City Council prior to August 15. The proposed budget is reviewed extensively by the City Council, public hearings are conducted, and the budget is legally enacted by passage of an ordinance prior to October 1.

As part of each year's budget development process, departments are required to periodically update expenditure estimates for the current fiscal year. These estimates, as well as revenue estimate revisions, are reviewed by the Manager of Budget and Treasury, the Finance Director, members of City management, the City Manager, and the City Council. The City Council approves the adoption of the amended budget by ordinance.

During the fiscal year, monthly expenditure reports are generated by the Budget and Treasury Division using the City's automated accounting system. These reports provide budget, expenditure, and encumbrance data for each cost center. In addition, online inquiry capability is provided to every department to review appropriation, project, document, and vendor file data. At month-end, a summarized Monthly Financial Report is prepared. The monthly financial reports are presented to the City Council on a quarterly basis.

Revenue Policy. The City maintains a diversified and stable revenue system to shelter it from unforeseeable short-run fluctuations in any one revenue source.

Transfers between funds are only authorized by City Council and only to the extent that the basis and justification for the transfer can be quantified. Fund transfers may occur when surplus fund balances are used to support non-recurring capital expenses or when needed to satisfy debt service obligations.

One-time revenues are not used for funding on-going appropriations. One-time revenues are used to fund capital improvements, capital equipment, or other one-time appropriations.

Charges for services, or user fees, are reviewed at least every two years for the effects of inflation and revised subject to City Council approval.

Other Information

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mesquite, Texas, for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2020. This was the 42nd consecutive year that the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is only valid for a period of one year. This Annual Report continues to meet the Certificate of Achievement Program's requirements, and it has been submitted to GFOA to determine its eligibility for another certificate.

Award for Distinguished Budget Presentation. The City also received the GFOA's Award for Distinguished Budget Presentation for its annual program of services dated October 1, 2020. This is the 33rd year the City has received the award. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy document, financial plan, operations guide, and communications device.

Texas Transparency Stars. The City also maintained its five Texas Comptroller of Public Accounts Transparency Stars for Traditional Finances, Debt Obligations, Contracts and Procurement, Economic Development, and Public Pensions. This award program recognizes local governments across Texas for going above and beyond in their transparency efforts. The Texas Comptroller received seventy-eight applications from local government entities, of which only twelve have received the maximum five Transparency Stars.

Acknowledgements. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express appreciation to all members of the department who assisted and contributed to its preparation. I would also like to thank the Mayor, City Council, and City Manager for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully Submitted,

Cindy L. Smith

Cindy L. Smith, CGFM, CPM
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mesquite
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO

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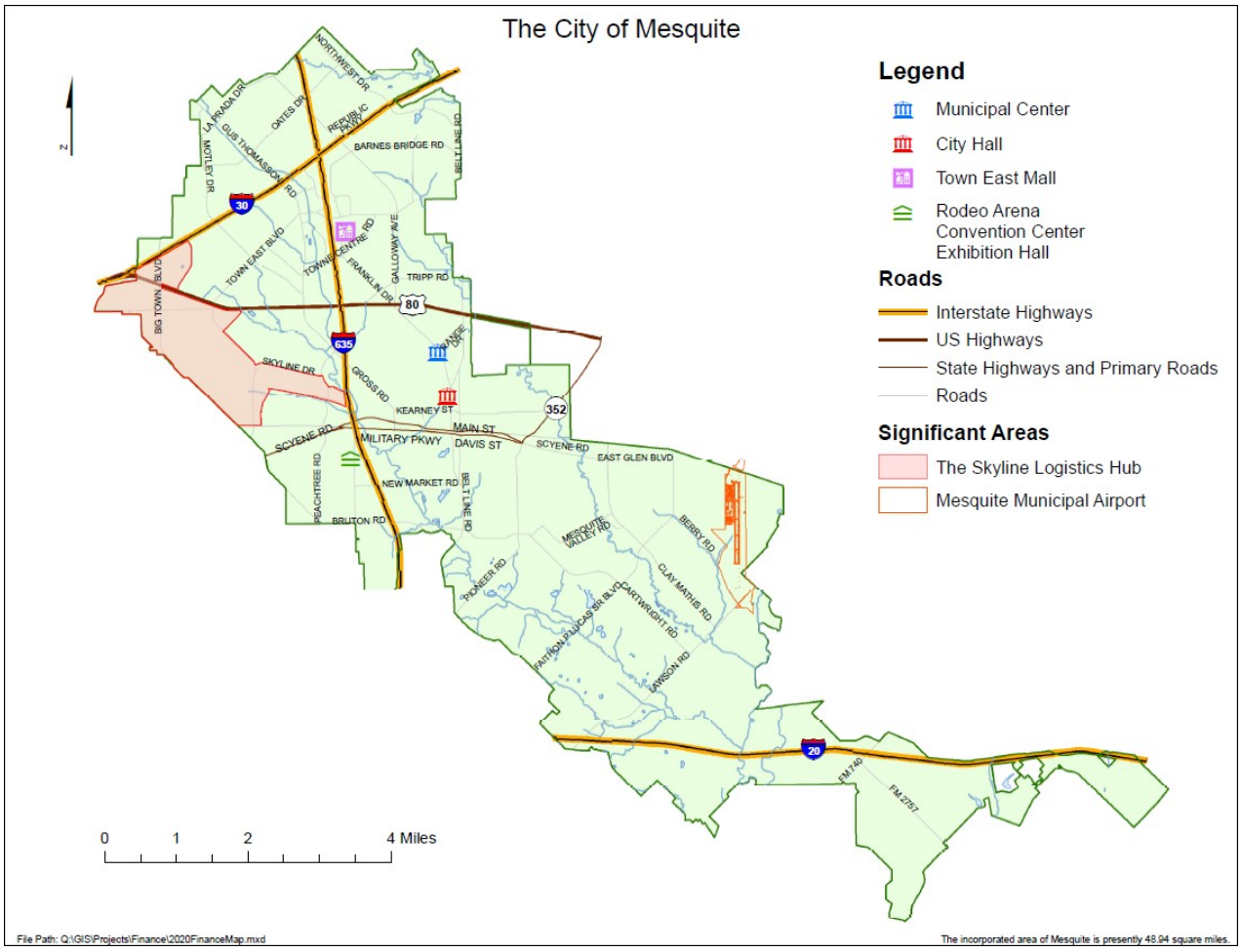

BKD
CPAs & Advisors

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Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Mesquite, Texas
Mesquite, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mesquite, Texas (City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mesquite, Texas, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in *Note 1* to the financial statements, in 2021, the City adopted GASB Statement No. 84, *Fiduciary Activities,* and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit for the year ended September 30, 2021, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules for the year ended September 30, 2021, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended September 30, 2021, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2021.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City as of and for the year ended September 30, 2020 (not presented herein), and have issued our report thereon dated March 31, 2021, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The combining and individual fund financial statements for the year ended September 30, 2020, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2020.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Dallas, Texas
April 1, 2022

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City of Mesquite, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2021

As management of the City of Mesquite, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with our letter of transmittal at the front of this report and the financial statements, which follow this section.

Financial Highlights

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $300.2 million (net position). Within the total net position, unrestricted is a $66.7 million deficit.

The City's total net position increased by $39.3 million from operations during fiscal year 2021. Governmental activities which receive taxes and other non-exchange revenues, increased $23.1 million and business type activities increased by $16.1 million.

As of the close of the current fiscal year, the City of Mesquite's governmental funds reported combined ending fund balances of $111.5 million, a decrease of $8.1 million (including impact on change in accounting principle) from the prior year due primarily to increased activities for capital improvements. Of this amount, $25.9 million is available for spending subject to the City's self-imposed limitations by management for intended use.

At year-end, the unassigned fund balance for the General Fund was $25.9 million and total fund balance was $28.0 million. Total unassigned fund balance represents approximately 70 days of working capital, calculated in accordance with City Policy of General Fund Budgeted Revenues. For fiscal year 2021, the working days capital based on actuals on the budgetary basis concluded at 68 days working capital. On a current financial resources basis, total fund balance for the General Fund increased $712 thousand, which was primarily the result of expenditures coming in less than budgeted.

The City's debt increased by $22.5 million during this current fiscal year. The City issued certificates of obligation for infrastructure, capital replacement, and municipal building improvements. In addition, the City issued revenue bonded debt for water, sewer, and drainage improvements.

The Group Medical Insurance Internal Service fund revenues exceeded expenses by $1.8 million which eliminated the negative fund balance in the fund. In an effort to address the negative fund balance, the City Council adopted a fund balance reserve policy in January 2019 that requires adequate revenues to cover expenditures each operating year with a plan to fund reserves from excess revenues over expenditures as well as one-time revenue sources. Per the policy, continuous improvements shall be shown each year to reduce the deficit with a goal of a minimum level of working capital equivalent to three months of regular, on-going operating expenses. Current year plan changes included an additional $1.7 million employer contribution along with a 3.5 percent rate increase for all active participants and retirees.

The General Liability Insurance Internal Service fund expenses exceeded revenues and investment income by $416 thousand which eliminated the negative fund balance. Current year plan changes included an additional $1.2 million employer contribution.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Mesquite's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. One of the most important questions asked about the City's finances is, "Is the City of Mesquite in a better financial position at the end of this fiscal year compared to last year?" The government-wide financial statements report information about the City as a whole and about its activities in a way that helps to answer this question. Other non-financial factors should be taken into consideration, such as changes in the City's property tax base and the condition of the City's streets to assess the overall health or financial condition of the City.

The statement of net position presents information on all the City's assets and liabilities and deferred inflows/outflow of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from the functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include most of the City's basic services such as fire, police, code compliance, library, parks and recreation, and community services as well as general government activities. The business-type activities of the City include water and sewer, drainage utility, municipal airport services, and municipal golf course.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains ten governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Local Finance Capital Project, Bond Finance Capital Project, Debt Service, and Other Grants funds, all of which are major funds. Data from the other five governmental funds are combined into a single, aggregated presentation titled Other Governmental Funds. Individual fund data for these nonmajor other governmental funds is provided in the form of combining statements and individual statements and schedules section of this report.

The City adopts an annual appropriated budget for the General Fund, which is presented as part of the basic financial statements to demonstrate compliance with the budget.

Proprietary funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, drainage utility, municipal airport, and municipal golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its group health insurance and general liability insurance programs. Both programs are predominantly governmental activities; however, as they benefit both governmental and business-type activities, current year results have been allocated by function in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer and Drainage Utility funds since both are considered major funds of the City. The nonmajor funds are the Municipal Airport and the Municipal Golf. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor funds and the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The Private-purpose trust fund is used to report resources held in trust to maintain a small cemetery within the City. The Custodial funds report resources, not in a trust, that are held by the City for other parties outside of the City's reporting entity. One custodial fund, the tax collection fund, accounts for ad valorem taxes collected on behalf of the Mesquite Independent School District. The other custodial fund, the seized assets fund, accounts for funds seized from court cases that are held in escrow until judgment.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and other postemployment benefits (OPEB). Required supplementary information immediately follows the notes to the basic financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules follow the required supplementary information.

Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Mesquite, assets and deferred outflows exceeded liabilities and deferred inflows by $300.2 million as of September 30, 2021.

The largest portion of the City's net position (110.7 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, infrastructure, and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Mesquite's Net Position

The following table reflects the condensed Statement of Net Position. Prior year comparative information has not been restated for the change in accounting principle and merged entity at the beginning of fiscal year 2021.

	Governmental Activities		Business-type Activities		Totals	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Current and other assets	$ 153,686,539	$ 145,273,360	$ 121,758,836	$ 107,850,220	$ 275,445,375	$ 253,123,580
Capital assets, net	354,934,507	331,734,333	262,602,215	232,964,172	617,536,722	564,698,505
Total assets	508,621,046	477,007,693	384,361,051	340,814,392	892,982,097	817,822,085
Deferred outflows of resources	16,626,731	16,725,808	2,049,557	2,401,465	18,676,288	19,127,273
Other liabilities	29,563,136	16,418,092	14,063,653	10,153,663	43,626,789	26,571,755
Long-term liabilities	401,055,505	401,356,363	147,287,575	126,737,825	548,343,080	528,094,188
Total liabilities	430,618,641	417,774,455	161,351,228	136,891,488	591,969,869	554,665,943
Deferred inflows of resources	17,994,263	21,820,698	1,465,656	1,817,364	19,459,919	23,638,062
Net investment in capital assets	166,092,744	160,736,361	166,219,419	158,037,592	332,312,163	318,773,953
Restricted	27,214,393	23,493,084	7,381,244	5,579,356	34,595,637	29,072,440
Unrestricted	(116,672,264)	(130,091,097)	49,993,061	40,890,057	(66,679,203)	(89,201,040)
Total net position	$ 76,634,873	$ 54,138,348	$ 223,593,724	$ 204,507,005	$ 300,228,597	$ 258,645,353

An additional portion of the City's net position (11.5 percent) represents resources that are subject to external restriction on how they may be used. Within the total net position, unrestricted is a $66.7 million deficit. The deficit is caused primarily by City's liability for its pension plan ($111.9 million) and other postemployment benefit plan for retiree healthcare ($38.9 million).

The current and other assets increased in the governmental activities by $8.4 million and the business-type activities increased by $13.9 million. The increase in the governmental activities assets is primarily due to an increase in pooled cash and investments from bond proceeds received for major capital projects still in progress. Increase in the business-type activities is primarily due to an increase in pooled cash and investments for bond proceeds received for major capital infrastructure still in progress and net receivables as a result of current year operations.

The City's total liabilities increased by $37.3 million. Bonds payable increased $22.5 million for new capital projects. The net pension liability decreased $5.6 million due to additional City contributions to the plan and a strong investment performance. The deposits and liabilities increased by $10.2 million due to unearned ARPA grant revenue. The remaining increase is primarily a result of a $6.7 million increase in accounts payable related to city operations.

Deferred inflows and outflows of resources are primarily due to pension and other postemployment benefit valuation activity.

Analysis of the City's Operations

Governmental and Business-type activities increased the City's net position by $39.3 million. Prior year comparative information has not been restated for the change in accounting principle and merged entity at the beginning of fiscal year 2021. The key elements of this increase and the prior year results are as follows:

	Governmental Activities		Business-type Activities		Totals	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Revenues:						
Program revenues:						
Charges for services	$ 28,575,554	$ 25,618,621	$ 79,260,434	$ 81,488,602	$ 107,835,988	$ 107,107,223
Operating grants and contributions	27,901,098	26,235,784	89,264	50,000	27,990,362	26,285,784
Capital grants and contributions	6,364,495	7,749,231	5,872,574	7,675,969	12,237,069	15,425,200
Total program revenues	62,841,147	59,603,636	85,222,272	89,214,571	148,063,419	148,818,207
General revenues:						
Ad valorem taxes	64,830,789	62,494,839	-	-	64,830,789	62,494,839
Gross receipts taxes	7,435,585	7,185,580	-	-	7,435,585	7,185,580
Sales taxes	53,316,537	47,191,911	-	-	53,316,537	47,191,911
Gain on sale of capital assets	4,519,955	-	-	-	4,519,955	-
Investment income	143,236	1,287,612	84,095	942,444	227,331	2,230,056
Miscellaneous	2,410,518	-	963,004	-	3,373,522	-
Total general revenues	132,656,620	118,159,942	1,047,099	942,444	133,703,719	119,102,386
Total revenues	195,497,767	177,763,578	86,269,371	90,157,015	281,767,138	267,920,593
Expenses:						
General government	26,234,308	14,754,760	-	-	26,234,308	14,754,760
Fire services	32,328,814	32,319,396	-	-	32,328,814	32,319,396
Police services	41,849,155	43,433,579	-	-	41,849,155	43,433,579
Public works	23,274,769	22,680,765	-	-	23,274,769	22,680,765
Planning and community development	9,542,691	3,816,689	-	-	9,542,691	3,816,689
Housing and community services	21,825,972	19,933,629	-	-	21,825,972	19,933,629
Library services	2,468,788	2,357,904	-	-	2,468,788	2,357,904
Parks and recreation	11,713,438	11,937,840	-	-	11,713,438	11,937,840
Interest on long-term debt	7,817,157	7,222,299	-	-	7,817,157	7,222,299
Water and sewer	-	-	58,935,384	64,604,834	58,935,384	64,604,834
Drainage utility district	-	-	2,734,235	3,457,368	2,734,235	3,457,368
Municipal airport	-	-	2,260,519	2,053,510	2,260,519	2,053,510
Municipal golf	-	-	1,520,386	1,519,933	1,520,386	1,519,933
Total expenses	177,055,092	158,456,861	65,450,524	71,635,645	242,505,616	230,092,506
Increase in net position before transfers	18,442,675	19,306,717	20,818,847	18,521,370	39,261,522	37,828,087
Transfers	4,701,899	(144,830)	(4,701,899)	144,830	-	-
Change in net position	23,144,574	19,161,887	16,116,948	18,666,200	39,261,522	37,828,087
Net position, beginning, as previously reported	54,138,348	34,976,461	204,507,005	185,840,805	258,645,353	220,817,266
Change in accounting principle	(648,049)	-	-	-	(648,049)	-
Merged entity	-	-	2,969,771	-	2,969,771	-
Net position, beginning, as restated	53,490,299	34,976,461	207,476,776	185,840,805	260,967,075	220,817,266
Net Position, ending	$ 76,634,873	$ 54,138,348	$ 223,593,724	$ 204,507,005	$ 300,228,597	$ 258,645,353

Governmental Activities

Governmental activities increased the City of Mesquite's net position by $23.1 million, before impact on change in accounting principle.

The City's program revenues from governmental activities increased approximately $3.2 million (5.4 percent) as compared to the prior year. Charges for services increased approximately $3.0 million, operating grants and contributions increased approximately $1.7 million, and capital grants and contributions decreased approximately $1.4 million.

Charges for services increased primarily due to an increase in fire and police services related to ambulance services, fire false alarm activity, municipal court warrant and traffic fine activities, police alarm permit activity, confiscated equipment auctions, and 911 wireless emergency services. Capital and operating grants and contributions increased primarily due to public improvement district (PID) activities and funding received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act for preparing, responding, and preventing the spread of the coronavirus.

General revenues of the City's governmental activities increased $14.5 million (12.3 percent) during the year. General revenue from property taxes increased $2.3 million due to increased property tax values and new property added to the tax roll. Gross receipts tax revenue increased $250 thousand due to increased activity in gas franchise fees. Sales tax revenues increased $6.1 million due to an increase in retail activity. Investment income decreased $1.1 million due to lower yields on investments throughout the year. Gain on sale of capital assets increased by $4.5 million due primarily to land sales related to economic development agreements.

Expenses for the City's governmental activities experienced a net increase of $18.6 million (11.7 percent) compared with the prior fiscal year. The increase can be attributed to General Government, $11.5 million, Fire services, $9 thousand, Public works, $594 thousand, Planning and community development $5.7 million, Housing and community services, $1.9 million, and Library services, $111 thousand and Interest in long-term debt, $600 thousand, and which were offset by decreases to Police services, $1.6 million, and Parks and recreation, $224 thousand.

- General Government increased $11.5 million due to a partial return to pre-pandemic activities for community events and departmental core services.

- Planning and community development increased $5.7 million due primary to expenditures related to economic development agreements.

- Housing and community services increased $1.9 million due to expenditures covered by additional federal awards from the CARES Act.

- Interest on long-term debt increased $600 thousand due to the addition of fiscal year 2021 bonds and related bond payments.

- Police services decreased $1.6 million primarily due an overall decrease in the need for COVID-19 related response efforts.

Business-type Activities

Business-type activities increased the City of Mesquite's net position by $39.3 million, before impact on changes accounting principle and merged entity.

The City's overall revenues for business-type activities decreased by $4.0 million (4.5 percent) during the fiscal year. The majority of the program revenues for the City's business-type activities are from its water and sewer operations. Customer charges decreased $2.2 million due to relief adjustments made to consumer bills related to Winter Storm URI. Capital grants and contributions decreased $1.8 million due to a decrease in developer contributions for the Water Sewer fund and Drainage Utility District fund.

Operating expenses and transfers out attributable to the business-type activities decreased approximately $1.6 million (2.6 percent). The decrease is mainly due to a reduction in costs related to providing water and wastewater treatment.

Financial Analysis of the City's Funds

Governmental Funds

The focus of the City of Mesquite's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $111.5 million. Approximately 23.2 percent of this total amount ($25.9 million) constitutes unassigned fund balance. The remainder of the fund balance is comprised of $2.0 million for nonspendable, which represents funds already committed for prepaid and inventory items and a note receivable which will be repaid in future years, $71.9 million for restricted, which represents funds restricted for specific purposes by their providers (such as grantors, bondholders, and higher levels of government), and $11.7 million for assigned, which represents amounts the City intends to use for specific purposes (such as encumbrances, promotion of tourism, and capital projects). The fund balances for all governmental funds decreased by $7.5 million, before change in accounting principle, from the previous fiscal year. This overall decrease is explained below individually by fund.

The General Fund is the chief operating fund of the City of Mesquite. At the end of the current fiscal year, unassigned fund balance of the General fund was $25.9 million while the total fund balance was at $28.0 million. The total fund balance increased by $711 thousand.

In the General Fund, total revenues increased $7.2 million from the prior year as follows:

- Ad valorem taxes increased $2.2 million due to an increase in assessed property values.
- Sales tax increased over the prior year by $4.5 million due to an increase in retail activity within the City.

- Licenses and permits increased $295 thousand over the prior year due to the establishment of a dedicated team to the enforcement of the rental certificate of occupancy program and an increase of construction within the City.

- Charges for services increased $1.5 million over the prior year. The rise can be attributed to the rate increase for the residential and commercial solid waste collection fee.

- These increases were offset by decreases in other revenues by $1.1 million mainly due to not receiving reimbursement from Texas Health and Human Services as a result of the termination of the Medicaid reimbursement program.

- Investment income decreased $387 thousand as a result of declined interest rates.

Total expenditures in the General Fund increased $19.0 million over the prior year as follows:

- General government increased $9.3 million due to increased costs associated with COVID-19 preparedness and supplies.

- Fire services increased $4.6 million due to salary and overtime expenses related to COVID-19 response efforts that were previously paid by the Other Grants Fund.

- Police services increased $3.1 million due to salary and overtime expenses related to COVID-19 response efforts that were previously paid by the Other Grants Fund.

- Parks and recreation had an increase of $1.5 million due to a return to pre-pandemic operations.

The Local Finance capital projects fund is reported as a major fund and is used to account for capital project expenditures from the proceeds of local revenue sources. Fund balance at year end is $27.2 million, $16.3 million of which is restricted for various capital projects and specified spending and $10.9 million is assigned for other capital projects identified by the City. The fund balance decreased $6.8 million primarily due to timing fluctuations of capital project spending from year to year. Project spending carries over from year to year depending on the scheduled activity.

The Bond Finance capital projects fund is a major fund used to account for capital project expenditures from the proceeds of governmental debt. See the Capital Asset section for highlights on project spending. Fund balance at year end is $39.3 million, all of which is restricted for use for the capital projects approved within the various bond issues. The fund balance decreased $7.3 million which is due to timing fluctuations of issuing of bonds (current year) versus capital project spending from year to year.

The Debt Service fund is a major fund used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance was $1.4 million at the end of the year, all of which is restricted for debt service. Fund balance increased by $822 thousand in the current year due to additional interfund revenue transfers used to properly fund debt payments.

The Other Grants fund is a major fund used to account is a special revenue fund is used to account for funds awarded to the City by all federal and state awarding agencies other than those funds accounted for in the Housing Grants fund. The fund balance was $1.6 million at the end of the year, all of which is restricted for various grants programs. Fund balance increased by $1.6 million in the current year due to intergovernmental CARES Act grant revenues received.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer fund at the end of the year amounted to $47.3 million and the Drainage Utility District amounted to $4.8 million. The change in net position was an increase of $12.4 million, before impact of merger activity, for the Water/Sewer Fund and an increase of $4.2 million in the Drainage Utility District Fund. The factors concerning the finances of the Water and Sewer fund have already been addressed in the discussion of the City of Mesquite's business-type activities. The Drainage Utility District fund operating results were consistent with prior year except for a decrease of $501 thousand in personnel expenses.

General Fund Budgetary Highlights

The City revised the original appropriations approved by the City Council for the 2021 fiscal year budget. Overall, these changes resulted in an increase in budgeted revenues and transfers in by $3.5 million and an increase in expenditures and transfers out of $3.3 million from the original budget.

The increase in budgeted revenues was to reflect:

- An increase of $1.7 million in General property tax increase for tax supplementals that have been received after the certified roll in August 2020 and collection of delinquent taxes, interest, and penalties;

- Adjustments include an increase in City sales tax of $2.4 million due to a rebounding economy, a decrease of $350 thousand in Interest Income, and decrease in Contributions and Donation of $87 thousand;

- Licenses and Permits decrease of $215 thousand from telecommunications right-of-way fees, plan review fees and other permits;

- Adjustments to match revenue trends including a decrease of $22 thousand in Gross Receipts Taxes, an increase of $55 thousand in Fines and Forfeitures, decrease of $80 thousand in Charges for Services and an increase of $19 thousand in other revenues;

- Transfers In increase of $89 thousand from Capital Projects Reserve Fund for TIRZ Administration offset by reduced transfer in from 911 Service Fee Fund.

The increase in budgeted expenditures were:

- Overall $700 thousand increase across all departments of the General Fund, excluding Fire Services is related to separation pay due to resignations and retirements offset by salary savings from personnel vacancies left unfilled;

- Fire services increase $1.3 million due additional overtime needs related to pandemic and inquiry leave;

- Increase of $1.3 million in Other Expenditures includes a one-time payment to Texas Municipal Retirement System to improve the unfunded liability offset by re-allocation of budgeted separation pay and market adjustments to respective departments.

Budget variances as compared to actuals were more revenues and transfers in of $2.5 million and $2 million more in expenditures and transfers out. The positive variance in revenues was mainly due to additional Sales Tax of $2.7 million due to a rebounding economy. Other positive variances include $320 thousand in Gross Receipts, Charges for Services of $498 thousand and Contributions and Donations of $20 thousand. Negative variances versus budgeted revenues include $25 thousand in Ad Valorem Taxes, $115 thousand in Licenses and Permits, $15 thousand in Fines and Forfeitures, $51 thousand in Investment Income and $610 thousand in Other Revenues.

The budget variance of $2.0 million more in expenditures and transfers out was due to all areas coming in under amended budget mainly due to salary savings from personnel vacancies offset by a $5 million transfer out to capital projects reserve fund for future capital projects. Taking into consideration cost allocation reimbursements, General government was under budget by $107 thousand from contractual services savings like travel and training. Fire services was under budget $76 thousand due to uniform and ambulance supplies. Police services was under budget $222 thousand due to uniform and equipment supplies along with contractual services. Public works was under budget $1.2 million due to personnel vacancies, contractual services savings, and more work order credits due to increased capital projects activity. Planning and community development was under budget $247 thousand from personnel vacancies and contractual services related to building inspection, planning, zoning, and demolition services. Library services was under budget $171 thousand from personnel vacancies, library supplies, and contractual services such as subscriptions. Parks and recreation was under budget $879 thousand due to personnel vacancies, supplies and contractual services as a result of reduced programming due to labor shortages. Housing and community services was under budget $385 thousand as a result of personnel vacancies in animal services and environmental code inspection.

Capital Assets

At the end of fiscal year 2021, the City had over $617.5 million (net of accumulated depreciation) invested in capital assets for its governmental and business-type activities in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines. The total increase in the City of Mesquite's net investment in capital assets was 9.4 percent for the current fiscal year.

City of Mesquite's Capital Assets, net of depreciation

	Governmental Activities		Business-type Activities		Totals	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Land	$ 24,952,158	$ 24,366,025	$ 13,542,316	$ 13,329,688	$ 38,494,474	$ 37,695,713
Construction in progress	58,635,580	52,204,403	35,659,098	16,030,605	94,294,678	68,235,008
Buildings	67,172,556	69,968,328	6,560,951	6,631,480	73,733,507	76,599,808
Infrastructure	170,337,658	149,772,074	200,901,423	190,111,538	371,239,081	339,883,612
Improvements other than buildings	9,974,934	10,952,530	3,132,196	3,427,133	13,107,130	14,379,663
Equipment	23,861,621	24,470,973	2,806,231	3,433,728	26,667,852	27,904,701
Totals	$ 354,934,507	$ 331,734,333	$ 262,602,215	$ 232,964,172	$ 617,536,722	$ 564,698,505

Major capital asset events during the current fiscal year include the following:

- Over $39.7 million was expended for governmental type activities for capital projects in 2021 and $19.2 million was completed and placed into service. Major components of projects placed into service include the following:
    - Over $13.3 million in infrastructure improvements and additions including Gus Thomasson reconstruction from Highway 80 to Town East Blvd and the overlay of certain areas.
    - Over $400 thousand in improvements including the parking lot and fence upgrades for Fire Station #5.
    - Over $6.3 million in infrastructure improvements and additions including the reconstruction of Front Street.
    - Over $400 thousand expended for construction of Mesquite Heritage Trail Phase 2.
    - Over $4.6 million was expended on equipment replacements including software upgrades for city operations, police and fire vehicles and equipment, public works vehicles and equipment, traffic signal equipment and various other types of equipment.
- Over $100 thousand of land, infrastructure and equipment was expended on the water and sewer system capital projects and $4.3 million was completed and placed into service.
- Over $21 thousand of land, infrastructure, and improvements was expended on drainage system capital projects and $2.4 million was completed and placed into service.

Additional information on the City's capital assets can be found in *Note 6* of the Notes to the Financial Statements.

Debt Administration

At year-end, the City had $372.9 million in net bonded debt outstanding. Of this total amount, $206.4 million, 55.4 percent, is comprised of bonded debt backed by the full faith and credit of the City; $31.5 million, 8.4 percent, is comprised of special assessment bonds which are to be paid from special assessments on each property owner in the Heartland Town Center PID, Iron Horse PID, Polo Ridge PID and is secured by special assessments; and $134.9 million, 36.2 percent, represents revenue bonds secured by specified revenue sources related to the revenue bond projects.

City of Mesquite's Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
General obligation bonds	$ 112,855,000	$ 122,010,000	$ -	$ -	$ 112,855,000	$ 122,010,000
Certificates of obligation	79,550,000	67,685,000	-	-	79,550,000	67,685,000
Special assessment bonds	31,465,000	31,835,000	-	-	31,465,000	31,835,000
Revenue bonds	-	-	125,505,000	106,280,000	125,505,000	106,280,000
Premiums on bonds	14,022,079	14,613,527	9,490,914	7,983,124	23,512,993	22,596,651
Totals	$ 237,892,079	$ 236,143,527	$ 134,995,914	$ 114,263,124	$ 372,887,993	$ 350,406,651

During the fiscal year, the City had three debt issuances in 2021. The first debt issue was for $14.1 million of certificate of obligation debt for acquisitions and installation of City information technology infrastructure and equipment; designing, engineering, developing, constructing, improving and repairing, extending streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor; designing, developing, constructing, improving and renovating City buildings and facilities, including City Hall, equipment services facilities, animal shelter facilities, composting facilities, and City fire stations, acquisition of equipment and vehicles for police, public works, fire, emergency services, building services, and planning and development and park and recreation purposes. The second debt issue was for $1.9 million of certificate of obligation debt for municipal airport improvements. The third debt issue was for $26.5 million of revenue bonds for water and sewer improvements.

Standard and Poor's Rating Services assigned its 'AA' long-term rating to the city's series 2021 combination tax and limited surplus revenue certificates of obligation. In addition, Standard and Poor's affirmed its 'AA' long-term and underlying rating on the city's outstanding general obligation debt. Standard and Poor's Rating Services assigned its 'AA' rating and stable outlook to the city's series 2021 waterworks and sewer system revenue bonds. At the same time, Standard and Poor's affirmed its 'AA' rating on the city's existing system revenue debt. Standard and Poor's Rating Service affirmed its 'AAA' rating on the drainage utility system outstanding debt.

Moody's Investor Services, Inc. assigned its 'Aa2' long-term rating to the city's series 2021 combination tax and limited surplus revenue certificates of obligation. In addition, Moody's affirmed its 'Aa2' long-term and underlying rating on the city's outstanding general obligation debt. Moody's assigned its 'Aa2' rating to the city's series 2021 waterworks and sewer system revenue bonds. At the same time, Moody's affirmed its 'Aa2' rating on the city's existing system revenue debt. Moody's affirmed its 'Aa2' rating on the city's existing drainage utility system revenue debt.

Additional information on the City's long-term bonded debt can be found in *Note 8* of the Notes to the Financial Statements.

Economic Factors and Next Year's Budget and Rates

During fiscal year 2020-21, the City, like most other cities, began to see signs of recovery from the pandemic along with growth in new business, commercial and residential construction, as well as expansion of existing buildings and businesses. This type of growth requires additional infrastructure needs to meet demands of the community. As a result, the 2021-22 budget focuses on meeting the demand and preparing for the growth that is expected over the next decade.

Fiscal year 2022 marks the sixth year of implementing a hybrid form of the budgeting process known as Budgeting for Outcomes. The City has been transforming its operations and culture under a performance management framework by involving greater citizen participation and community engagement.

In the 2021-2022 budget General Fund revenues and transfers in are projected to increase by 5.1 percent from the 2020-21 final budget with the majority of this increase coming from property tax. General property tax revenue (Ad valorem tax revenue) is determined by two major factors: the total assessed property value established by the Dallas Central Appraisal District and Kaufman County Appraisal District and the tax rate set by City Council. Certified assessed valuations increased 16.62 percent over the preceding year. The City's adopted tax rate is set at $0.70862 per $100 of assessed valuation and represents no increase from the prior year tax rate. Fiscal year 2020-21 was an anomaly for sales tax growth as it was a recovery from pandemic-depressed fiscal year 2019-20. Based on historical patterns, Sales tax it is expected to increase slightly for 2021-2022. This revenue source comprises 25.3 percent of General Fund revenues and transfers in and is the most volatile and subject to change based on the economy and any further pandemic effects. Charges for services is budgeted with an approximate $1.1 million increase mainly due to a fee increase in residential solid waste collections of $1.00 per month per household and an increase in commercial solid waste fees. The 2021-22 budget includes other modest increases to some of the other revenue line items that make up the remaining change from the previous year.

General Fund expenditures and transfers out are budgeted at a 5.98 percent increase over the 2020-21 final budget. The 2021-22 budget includes a three percent merit increase for all general government employees on their anniversary date and five percent merit increase for all sworn public safety position on January 1, 2022. In addition, sworn public safety employees are budgeted to receive five percent step increases for firefighters and police officers with less than six years of service. The 2021-22 budget also includes increases for contributions to Texas Municipal Retirement System (TMRS), Group Medical Insurance Fund and separation pay that is paid at retirement or resignation for unused sick and vacation leave. The budget includes sixteen new positions for growth and expansion including five police officers for patrol, ten firefighters for operations, and one security analyst for cyber security program. Two authorized full-time positions remained frozen for 2021-22. Expenditures also include additional funding for repairs to city streets and alleys. There are other increases and decreases between the expenditure categories that offset each other to create the overall budget increase.

The General Fund Reserve Policy, as approved in January 2019, requires maintaining a minimum unassigned fund balance equivalent to 60 days of working capital to be calculated as 60 days of General Fund budget revenues. Total fund balance for the General Fund is projected to remain flat in fiscal year 2021-22. The projected ending fund balance is approximately 63 days of working capital for the unassigned fund balance based on total revenues.

The Water and Sewer Fund budget includes no water and sewer rate increase for fiscal year 2021-22. The City was able to develop the 2021-22 Water and Sewer Operating Fund budget without rate increases due in part to not having a rate increase for the purchase of treated water from the North Texas Municipal Water District (NTMWD).

Contacting the City's Financial Management

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attn: Accounting Manager, at P. O. Box 850137, Mesquite, Texas 75185-0137, call (972) 216-6263 or e-mail at atierney@cityofmesquite.com.

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City of Mesquite, Texas
Statement of Net Position
September 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Pooled cash and investments	$ 42,138,802	$ 53,007,162	$ 95,145,964
Receivables (net of allowance for uncollectibles)	24,611,957	11,915,505	36,527,462
Internal balances	1,069,436	(1,069,436)	-
Inventory	1,022,919	358,303	1,381,222
Prepaids and other assets	346,823	-	346,823
Accrued interest	21,730	17,556	39,286
Restricted pooled cash and investments	84,474,872	57,529,746	142,004,618
Capital assets-			
Land and construction in progress	83,587,738	49,201,414	132,789,152
Other capital assets (net of accumulated depreciation)	271,346,769	213,400,801	484,747,570
Total Assets	508,621,046	384,361,051	892,982,097
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding	1,684,886	725,335	2,410,221
Deferred pension contributions	10,269,930	832,697	11,102,627
Difference in expected and actual pension experience	312,153	25,309	337,462
Difference in expected and actual OPEB experience	1,027,757	83,330	1,111,087
Difference in assumption changes - pension	150,943	12,239	163,182
Difference in assumption changes - OPEB	3,181,062	257,924	3,438,986
Change in proportional share - pension	-	112,723	112,723
Total Deferred Outflows of Resources	16,626,731	2,049,557	18,676,288
LIABILITIES:			
Accounts payable	15,475,312	7,644,954	23,120,266
Accrued interest payable	1,028,808	306,448	1,335,256
Retainage payable	1,102,617	1,215,851	2,318,468
Deposits and other liabilities	11,956,399	4,896,400	16,852,799
Long-term liabilities:			
Due within one year:			
Bonds payable	17,995,000	8,330,000	26,325,000
Total other postemployment benefit (OPEB) liability	1,476,948	119,751	1,596,699
Accrued compensated absences	7,958,397	270,524	8,228,921
Estimated claims payable	2,562,309	-	2,562,309
Due in more than one year:			
Bonds payable	219,897,079	126,665,914	346,562,993
Total other postemployment benefit (OPEB) liability	34,482,414	2,795,876	37,278,290
Net pension liability	103,504,416	8,392,249	111,896,665
Accrued compensated absences	11,080,791	713,261	11,794,052
Estimated claims payable	2,098,151	-	2,098,151
Total Liabilities	430,618,641	161,351,228	591,969,869
DEFERRED INFLOWS OF RESOURCES:			
Difference in expected and actual pension experience	3,030,629	245,727	3,276,356
Difference in expected and actual OPEB experience	2,573,622	208,671	2,782,293
Difference in projected and actual earnings on pension assets	12,291,905	996,642	13,288,547
Change in proportional share - pension	98,107	14,616	112,723
Total Deferred Inflows of Resources	17,994,263	1,465,656	19,459,919
NET POSITION:			
Net investment in capital assets	166,092,744	166,219,419	332,312,163
Restricted for:			
Capital projects	8,457,250	-	8,457,250
Local finance projects	7,896,516	-	7,896,516
Housing and community services	2,538,473	-	2,538,473
Other grants and special revenue	6,908,468	-	6,908,468
Debt service	1,413,686	7,381,244	8,794,930
Unrestricted	(116,672,264)	49,993,061	(66,679,203)
Total Net Position	$ 76,634,873	$ 223,593,724	$ 300,228,597

City of Mesquite, Texas
Statement of Activities
Year Ended September 30, 2021

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTION / PROGRAM ACTIVITIES:				
Governmental activities:				
General government	$ 26,234,308	$ 1,761,817	$ 4,566,205	$ -
Fire services	32,328,814	3,064,538	23,189	173,695
Police services	41,849,155	4,183,988	950,105	-
Public works	23,274,769	14,800,558	1,513,446	6,038,510
Planning and community development	9,542,691	2,839,331	2,610,919	75,000
Housing and community services	21,825,972	319,756	18,075,205	-
Library services	2,468,788	64,088	7,305	-
Parks and recreation	11,713,438	1,541,478	154,724	77,290
Interest on long-term debt	7,817,157	-	-	-
Total governmental activities	177,055,092	28,575,554	27,901,098	6,364,495
Business-type activities:				
Water and sewer	58,935,384	70,873,220	-	3,748,587
Drainage utility district	2,734,235	4,865,216	-	2,123,987
Municipal airport	2,260,519	2,286,689	89,264	-
Municipal golf	1,520,386	1,235,309	-	-
Total business-type activities	65,450,524	79,260,434	89,264	5,872,574
Total function / program activities	$ 242,505,616	$ 107,835,988	$ 27,990,362	$ 12,237,069
General revenues:				
Ad valorem taxes				
Gross receipts taxes				
Sales taxes				
Gain on sale of capital assets				
Investment income				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning, as previously reported				
Change in accounting principle *(see note 1)*				
Merged entity *(see note 16)*				
Net position, beginning, as restated				
Net position, ending				

City of Mesquite, Texas
Statement of Activities (continued)
Year Ended September 30, 2021

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (19,906,286)	$ -	$ (19,906,286)
(29,067,392)	-	(29,067,392)
(36,715,062)	-	(36,715,062)
(922,255)	-	(922,255)
(4,017,441)	-	(4,017,441)
(3,431,011)	-	(3,431,011)
(2,397,395)	-	(2,397,395)
(9,939,946)	-	(9,939,946)
(7,817,157)	-	(7,817,157)
(114,213,945)	-	(114,213,945)
-	15,686,423	15,686,423
-	4,254,968	4,254,968
-	115,434	115,434
-	(285,077)	(285,077)
-	19,771,748	19,771,748
(114,213,945)	19,771,748	(94,442,197)
64,830,789	-	64,830,789
7,435,585	-	7,435,585
53,316,537	-	53,316,537
4,519,955	-	4,519,955
143,236	84,095	227,331
2,410,518	963,004	3,373,522
4,701,899	(4,701,899)	-
137,358,519	(3,654,800)	133,703,719
23,144,574	16,116,948	39,261,522
54,138,348	204,507,005	258,645,353
(648,049)	-	(648,049)
-	2,969,771	2,969,771
53,490,299	207,476,776	260,967,075
$ 76,634,873	$ 223,593,724	$ 300,228,597

City of Mesquite, Texas
Balance Sheet – Governmental Funds
September 30, 2021

	General	Local Finance	Bond Finance
ASSETS:			
Pooled cash and investments	$ 24,991,865	$ 28,414,120	$ 42,960,834
Receivables (net of allowance):			
Accounts receivable	5,792,044	489,728	-
Ad valorem taxes	1,902,314	-	-
Other taxes receivable	1,615,977	-	-
Note receivable	804,560	-	-
Intergovernmental	6,889,230	-	-
Due from other funds	119,290	150,000	-
Inventory	1,022,919	-	-
Prepaids and other assets	159,789	-	-
Accrued interest	6,951	2,936	7,611
Total Assets	$ 43,304,939	$ 29,056,784	$ 42,968,445
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	$ 10,232,630	$ 1,019,569	$ 2,846,732
Retainage payable	-	260,971	786,849
Deposits	327,172	276,885	-
Unearned revenue	-	-	-
Due to other funds	-	1,201	-
Total Liabilities	10,559,802	1,558,626	3,633,581
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	4,725,342	306,513	-
Fund Balances:			
Nonspendable	1,987,268	-	-
Restricted	-	16,326,835	39,334,864
Assigned	118,818	10,864,810	-
Unassigned	25,913,709	-	-
Total Fund Balances	28,019,795	27,191,645	39,334,864
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 43,304,939	$ 29,056,784	$ 42,968,445

City of Mesquite, Texas
Balance Sheet – Governmental Funds (continued)
September 30, 2021

Debt Service	Other Grants	Total Nonmajor Funds	Total Governmental Funds
$ 1,413,418	$ 11,981,244	$ 11,886,169	$ 121,647,650
-	-	313,080	6,594,852
-	-	-	1,902,314
-	-	54,497	1,670,474
-	-	-	804,560
-	1,880,273	4,588,832	13,358,335
-	-	-	269,290
-	-	-	1,022,919
-	-	-	159,789
268	1,446	2,218	21,430
$ 1,413,686	$ 13,862,963	$ 16,844,796	$ 147,451,613
$ -	$ 263,913	$ 338,148	$ 14,700,992
-	10,702	44,095	1,102,617
-	-	-	604,057
-	11,352,342	-	11,352,342
-	48,548	69,541	119,290
-	11,675,505	451,784	27,879,298
-	633,684	2,444,307	8,109,846
-		-	1,987,268
1,413,686	1,553,774	13,272,426	71,901,585
-	-	676,279	11,659,907
-	-	-	25,913,709
1,413,686	1,553,774	13,948,705	111,462,469
$ 1,413,686	$ 13,862,963	$ 16,844,796	$ 147,451,613

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City of Mesquite, Texas
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance per balance sheet		$ 111,462,469
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		354,934,507
Other long-term assets less related uncollectibles are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.		8,109,846
Internal service funds are used by management to charge the costs of health claims and general liability to individual funds. A significant portion of the internal service fund's net position (deficit) is included in the governmental activities in the statement of net position.		919,436
Accrued interest payable on long-term debt does not require current financial resources and therefore is not reported as a liability in the balance sheet of governmental funds.		(1,028,808)
Long-term liabilities, including bonds payable, net pension and total OPEB liabilities (and the related deferred inflows and deferred outflows) are not due and payable in the current period and therefore are not reported as liabilities, deferred outflows or deferred inflows in the governmental funds. Long-term liabilities consist of:		
General obligation bonds payable	$ (112,855,000)	
Certificate of obligation bonds payable	(79,550,000)	
Special Assessment Bonds	(31,465,000)	
Deferred amount on refunding	1,684,886	
Unamortized premiums on bonds	(14,022,079)	
Total other postemployment benefit (OPEB) liability	(35,959,362)	
Net pension liability	(103,504,416)	
Deferred outflows of resources – pension	10,733,026	
Deferred outflows of resources – OPEB	4,208,819	
Deferred inflows of resources – pension	(15,420,641)	
Deferred inflows of resources – OPEB	(2,573,622)	
Accrued compensated absences	(19,039,188)	
		(397,762,577)
Net position of governmental activities		$ 76,634,873

City of Mesquite, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended September 30, 2021

	General	Local Finance	Bond Finance
REVENUES:			
Taxes-			
Ad valorem	$ 62,632,950	$ 2,092,578	$ -
Gross receipts	7,435,585	-	-
Sales	38,721,730	-	-
Licenses and permits	3,252,393	-	-
Fines and forfeitures	2,939,478	-	-
Investment income	73,022	15,491	36,333
Charges for services	17,023,865	3,239,452	-
Special assessments	-	2,552,381	-
Intergovernmental	-	-	-
Contributions and donations	21,598	85,684	-
Other revenues	222,805	2,515,137	-
Total Revenues	132,323,426	10,500,723	36,333
EXPENDITURES:			
Current-			
General government	15,698,056	2,219,263	1,057,407
Fire services	32,051,197	26,920	410,693
Police services	40,857,184	6,584	7,313
Public works	13,976,687	651,420	893,787
Planning and community development	3,052,214	5,145,274	18,215
Library services	2,407,876	8,715	87,163
Parks and recreation	3,233,867	17,882	53,407
Housing and community services	3,481,577	-	154,091
Capital outlay	327,918	12,938,753	21,712,570
Debt service			
Principal	-	370,000	-
Interest and fiscal charges	-	1,760,545	-
Bond issuance costs	-	-	246,268
Total Expenditures	115,086,576	23,145,356	24,640,914
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,236,850	(12,644,633)	(24,604,581)
OTHER FINANCING SOURCES (USES):			
Transfers in	6,151,794	5,627,600	-
Transfers out	(22,866,040)	(5,494,386)	(23,309)
Issuance of debt	-	-	16,005,000
Premium on bonds issued	-	-	1,354,933
Proceeds from sale of general capital assets	189,110	5,710,402	-
Total Other Financing Sources (Uses)	(16,525,136)	5,843,616	17,336,624
NET CHANGE IN FUND BALANCES	711,714	(6,801,017)	(7,267,957)
FUND BALANCES, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	27,308,081	33,992,662	46,602,821
Change in accounting principle *(see note 1)*	-	-	-
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	27,308,081	33,992,662	46,602,821
FUND BALANCES, END OF YEAR	$ 28,019,795	$ 27,191,645	$ 39,334,864

City of Mesquite, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (continued)

Year Ended September 30, 2021

Debt Service	Other Grants	Total Nonmajor Funds	Total Governmental Funds
$ -	$ -	$ -	$ 64,725,528
-	-	-	7,435,585
-	-	14,594,807	53,316,537
-	-	-	3,252,393
-	-	1,030,621	3,970,099
4,449	1,707	10,226	141,228
-	-	1,006,954	21,270,271
-	-	-	2,552,381
-	10,764,296	16,130,329	26,894,625
-	297,605	398,248	803,135
-	-	213,814	2,951,756
4,449	11,063,608	33,384,999	187,313,538
-	4,400,991	1,850,025	25,225,742
-	256	53,354	32,542,420
-	182,958	851,894	41,905,933
-	911,296	147,000	16,580,190
-	1,266,468	189,640	9,671,811
-	26,048	9,144	2,538,946
-	103,519	6,785,717	10,194,392
-	2,103,219	16,016,928	21,755,815
-	437,633	887,164	36,304,038
		-	
13,295,000	-		13,665,000
7,510,657	-	-	9,271,202
11,000	-	-	257,268
20,816,657	9,432,388	26,790,866	219,912,757
(20,812,208)	1,631,220	6,594,133	(32,599,219)
21,404,394	-	-	33,183,788
-	-	(2,958,510)	(31,342,245)
-	-	-	16,005,000
-	-	-	1,354,933
-	-	-	5,899,512
21,404,394	-	(2,958,510)	25,100,988
592,186	1,631,220	3,635,623	(7,498,231)
821,500	(77,446)	10,961,131	119,608,749
-	-	(648,049)	(648,049)
821,500	(77,446)	10,313,082	118,960,700
$ 1,413,686	$ 1,553,774	$ 13,948,705	$ 111,462,469

City of Mesquite, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended September 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds		$ (7,498,231)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.		
Capital outlay expenditures	$ 36,304,038	
Depreciation expense	(15,096,699)	
		21,207,339
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, donations, and transfers to business-type activities) is to decrease net position.		(1,379,557)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This adjustment is to recognize contributions of capital assets by developers.		3,372,392
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This amount is the net change in deferred inflows of resources.		289,874
The issuance of long-term debt (e.g. bond proceeds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. 'Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal amount of debt issued	$ (16,005,000)	
Amortization of bond premium	1,946,381	
Principal amount of debt paid to bondholders	13,665,000	
Net change in accrued interest payable	17,378	
Premium on bonds issued	(1,354,933)	
Net deferred offering charges and related debt issuance items	(252,446)	
		(1,983,620)
Some expenditures reported in the statement of revenues, expenditures, and changes in fund balances require the use of current financial resources but are not reported as expenses in the statement of activities. This adjustment is to reflect the net change in accrued compensated absences.		464,518
Current year OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in total OPEB liability and related deferred outflows and inflows of resources balances.		(919,030)
Current year pension expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in net pension liability and related deferred outflows and inflows of resources balances.		7,318,699
Internal service funds are used by management to charge the costs of health claims and general liability to individual funds. The net revenues of certain activities of internal service funds is reported within governmental activities.		2,272,190
Change in net position of governmental activities		$ 23,144,574

City of Mesquite, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund

Year Ended September 30, 2021

	Budgeted Amounts		Actual	Adjustments -	Actual-	Variance with
	Original	Final	Amounts	Budgetary Basis	Budgetary Basis	Final Budget
REVENUES:						
Taxes-						
Ad valorem	$ 60,983,410	62,658,410	$ 62,632,950	$ -	$ 62,632,950	$ (25,460)
Gross receipts	7,137,450	7,115,000	7,435,585	-	7,435,585	320,585
Sales	33,605,000	36,010,000	38,721,730	-	38,721,730	2,711,730
Licenses and permits	3,582,760	3,367,790	3,252,393	-	3,252,393	(115,397)
Fines and forfeitures	2,900,000	2,955,000	2,939,478	-	2,939,478	(15,522)
Investment income	474,000	124,000	73,022	-	73,022	(50,978)
Charges for services	16,606,080	16,525,780	17,023,865	-	17,023,865	498,085
Intergovernmental	-	-	-	-	-	-
Contributions and donations	89,000	1,550	21,598	-	21,598	20,048
Other revenues	814,100	832,600	222,805	-	222,805	(609,795)
Enterprise funds PILOT/franchise fee	5,146,780	5,146,780	-	5,146,780	5,146,780	-
TOTAL REVENUES	131,338,580	134,736,910	132,323,426	5,146,780	137,470,206	2,733,296
EXPENDITURES:						
General government	18,004,250	19,503,510	15,698,056	1,605,996	$ 17,304,052	2,199,458
Fire services	30,825,960	32,126,690	32,051,197	-	32,051,197	75,493
Police services	41,105,000	41,078,830	40,857,184	-	40,857,184	221,646
Public works	14,937,050	15,188,420	13,976,687	-	13,976,687	1,211,733
Planning and community development	3,385,600	3,298,970	3,052,214	-	3,052,214	246,756
Library services	2,654,750	2,578,810	2,407,876	-	2,407,876	170,934
Parks and recreation	3,980,200	4,112,730	3,233,867	-	3,233,867	878,863
Housing and community services	3,520,840	3,866,820	3,481,577	-	3,481,577	385,243
Capital outlay	-	-	327,918	-	327,918	(327,918)
Cost allocation reimbursements	(3,697,980)	(3,697,980)	-	(1,605,996)	(1,605,996)	(2,091,984)
TOTAL EXPENDITURES	114,715,670	118,056,800	115,086,576	-	115,086,576	2,970,224
EXCESS OF REVENUES OVER EXPENDITURES	16,622,910	16,680,110	17,236,850	5,146,780	22,383,630	5,703,520
OTHER FINANCING SOURCES (USES):						
Transfers in	1,196,000	1,285,000	6,151,794	(5,146,780)	1,005,014	(279,986)
Transfer out	(17,866,040)	(17,866,040)	(22,866,040)	-	(22,866,040)	(5,000,000)
Proceeds from sale of general capital assets	-	-	189,110	-	189,110	189,110
TOTAL OTHER FINANCING SOURCES (USES)	(16,670,040)	(16,581,040)	(16,525,136)	(5,146,780)	(21,671,916)	(5,090,876)
NET CHANGE IN FUND BALANCE	$ (47,130)	$ 99,070	711,714	$ -	$ 711,714	$ 612,644
FUND BALANCE AT BEGINNING OF YEAR			27,308,081			
FUND BALANCE AT END OF YEAR			$ 28,019,795			

City of Mesquite, Texas
Statement of Net Position – Proprietary Funds
September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Drainage Utility District	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
ASSETS:					
Current assets:					
Pooled cash and investments	$ 47,531,428	$ 4,925,255	$ 550,479	$ 53,007,162	$ 4,966,024
Restricted pooled cash and investments	51,850,524	1,580,656	-	53,431,180	-
Receivables (net of allowance for uncollectibles)	11,019,164	810,025	86,316	11,915,505	280,284
Inventory	318,983	-	39,320	358,303	-
Prepaids and other assets	-	-	-	-	188,172
Accrued interest	16,403	1,072	81	17,556	300
Total current assets	110,736,502	7,317,008	676,196	118,729,706	5,434,780
Noncurrent assets:					
Revenue bond reserve-					
Restricted pooled cash and investments	3,558,652	539,914	-	4,098,566	-
Capital assets-					
Land and construction in progress	36,000,810	3,840,376	9,360,228	49,201,414	-
Other capital assets (net of accumulated depreciation)	158,792,020	45,302,233	9,306,548	213,400,801	-
Total noncurrent assets	198,351,482	49,682,523	18,666,776	266,700,781	-
Total Assets	309,087,984	56,999,531	19,342,972	385,430,487	5,434,780
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred charges on refunding	719,475	5,860	-	725,335	-
Deferred pension contributions	666,158	55,513	111,026	832,697	-
Difference in expected and actual experience - OPEB	66,665	5,555	11,110	83,330	
Difference in projected and actual earnings - pension	20,248	1,687	3,374	25,309	-
Difference in assumption changes - pension	9,791	816	1,632	12,239	-
Difference in assumption changes - OPEB	206,339	17,195	34,390	257,924	-
Change in proportional share - pension	-	-	112,723	112,723	-
Total Deferred Outflows of Resources	1,688,676	86,626	274,255	2,049,557	-

City of Mesquite, Texas
Statement of Net Position – Proprietary Funds (continued)
September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Drainage Utility District	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES:					
Current liabilities:					
Accounts payable	$ 1,547,527	$ 75,071	$ 127,031	$ 1,749,629	$ 774,320
Unearned revenue	-	-	-	-	-
Estimated claims payable	-	-	-	-	2,562,309
Due to other funds	-	-	150,000	150,000	-
Deposits and other liabilities	4,843,095	1,056	52,249	4,896,400	-
Accrued compensated absences	270,524	-	-	270,524	-
Total other postemployment benefit liability	95,802	7,983	15,966	119,751	-
Total current liabilities	6,756,948	84,110	345,246	7,186,304	3,336,629
Current liabilities payable from restricted assets:					
Accounts payable	5,522,924	372,401	-	5,895,325	-
Retainage payable	1,175,080	40,771	-	1,215,851	-
Accrued interest payable	285,889	20,559	-	306,448	-
Bonds payable	7,805,000	525,000	-	8,330,000	-
Total current liabilities payable from restricted assets	14,788,893	958,731	-	15,747,624	-
Total current liabilities	21,545,841	1,042,841	345,246	22,933,928	3,336,629
Noncurrent liabilities:					
Estimated claims payable	-	-	-	-	2,098,151
Capital lease payable	-	-	-	-	-
Bonds payable	119,152,969	7,512,945	-	126,665,914	-
Accrued compensated absences	486,946	81,538	144,777	713,261	-
Net pension liability	6,713,800	559,484	1,118,965	8,392,249	-
Total other postemployment benefit liability	2,236,697	186,393	372,786	2,795,876	-
Total noncurrent liabilities	128,590,412	8,340,360	1,636,528	138,567,300	2,098,151
Total Liabilities	150,136,253	9,383,201	1,981,774	161,501,228	5,434,780
DEFERRED INFLOWS OF RESOURCES:					
Difference in expected and actual experience - pension	196,581	16,382	32,764	245,727	-
Difference in expected and actual experience - OPEB	166,938	13,911	27,822	208,671	-
Difference in investment earnings - pension	797,313	66,443	132,886	996,642	-
Changes in proportional share - pension	7,237	6,871	508	14,616	-
Total Deferred Inflows of Resources	1,168,069	103,607	193,980	1,465,656	-
NET POSITION:					
Net investment in capital assets	105,599,958	41,952,685	18,666,776	166,219,419	-
Restricted for debt service	6,536,566	844,678	-	7,381,244	-
Unrestricted	47,335,814	4,801,986	(1,225,303)	50,912,497	-
Total Net Position	$ 159,472,338	$ 47,599,349	$ 17,441,473	$ 224,513,160	$ -
RECONCILIATION TO GOVERNMENT-WIDE STATEMENT OF NET POSITION:					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				$ (919,436)	
Total Net Position for Business Type Activities				$ 223,593,724	

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City of Mesquite, Texas

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Drainage Utility District	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues:					
Customer charges	$ 70,873,220	$ 4,865,216	$ 3,521,998	$ 79,260,434	$ -
Contributions - City	-	-	-	-	16,916,557
Contributions - other	-	-	-	-	3,383,412
Total operating revenues	70,873,220	4,865,216	3,521,998	79,260,434	20,299,969
Operating expenses:					
Personnel services	7,483,937	820,704	1,525,483	9,830,124	-
Supplies	336,272	1,734	963,274	1,301,280	-
Contractual services	41,327,593	253,200	638,359	42,219,152	-
Depreciation	6,547,569	1,418,840	653,789	8,620,198	-
Claims incurred	-	-	-	-	16,434,070
Insurance premiums	-	-	-	-	2,077,749
Administrative fees	-	-	-	-	1,677,058
Other expenses	-	-	-	-	801,872
Total operating expenses	55,695,371	2,494,478	3,780,905	61,970,754	20,990,749
Operating income (loss)	15,177,849	2,370,738	(258,907)	17,289,680	(690,780)
Nonoperating revenues (expenses):					
Investment income	78,500	5,406	189	84,095	2,008
Bond issuance costs	(281,443)	-	-	(281,443)	-
Other nonoperating income	963,004	-	89,264	1,052,268	-
Interest expense and fiscal charges	(2,857,964)	(239,757)	-	(3,097,721)	-
Total nonoperating revenues (expenses)	(2,097,903)	(234,351)	89,453	(2,242,801)	2,008
Income (loss) before contributions and transfers	13,079,946	2,136,387	(169,454)	15,046,879	(688,772)
Capital contributions	3,748,587	2,123,987	-	5,872,574	-
Transfers in	600,000	475,875	50,000	1,125,875	2,860,356
Transfers out	(5,074,340)	(553,624)	(199,810)	(5,827,774)	-
Change in net position	12,354,193	4,182,625	(319,264)	16,217,554	2,171,584
Net position, beginning, as previously reported	144,148,374	43,416,724	17,760,737	205,325,835	(2,171,584)
Merged entity *(see note 16)*	2,969,771	-	-	-	-
Net position, beginning, as restated	147,118,145	43,416,724	17,760,737	205,325,835	(2,171,584)
Total net position - ending	$ 159,472,338	$ 47,599,349	$ 17,441,473	$ 221,543,389	$ -

Reconciliation to government-wide statement of activities:	
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds	$ (100,606)
Change in net position of business-type activities	$ 16,116,948

City of Mesquite, Texas
Statement of Cash Flows – Proprietary Funds
Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Drainage Utility District	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	$ 72,730,397	$ 4,741,099	$ 3,524,908	$ 80,996,404	$ -
Receipts from interfund charges for services	-	-	-	-	16,916,557
Other operating receipts	963,004	-	-	963,004	1,183,124
Payments to suppliers and service providers	(38,932,841)	(101,060)	(1,770,012)	(40,803,913)	(20,051,385)
Payments to employees for salaries and benefits	(6,582,986)	(725,506)	(1,331,773)	(8,640,265)	2,164,660
Payments to other funds for services provided	(1,335,350)	(120,646)	-	(1,455,996)	-
Net cash Provided by Operating Activities	26,842,224	3,793,887	423,123	31,059,234	212,956
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers to other funds	(5,074,340)	(553,624)	(199,810)	(5,827,774)	-
Transfers from other funds	600,000	475,875	50,000	1,125,875	2,860,356
Repayment of advances from other funds	-	-	-	-	(631,504)
Operating grants	-	-	89,264	89,264	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(4,474,340)	(77,749)	(60,546)	(4,612,635)	2,228,852
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(26,694,489)	(2,054,816)	(8,846)	(28,758,151)	-
Proceeds from capital debt	29,192,843	-	-	29,192,843	-
Principal payments on capital debt and leases	(6,785,000)	(510,000)	-	(7,295,000)	-
Interest payments on capital debt and leases	(4,175,908)	(283,335)	-	(4,459,243)	-
Net Cash Used for Capital and Related Financing Activities	(8,462,554)	(2,848,151)	(8,846)	(11,319,551)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	110,847	8,474	278	119,599	2,909
Net Cash Provided by Investing Activities	110,847	8,474	278	119,599	2,909
NET INCREASE IN POOLED CASH AND CASH EQUIVALENTS	14,016,177	876,461	354,009	15,246,647	2,444,717
POOLED CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	88,924,427	6,169,364	196,470	95,290,261	2,521,307
POOLED CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 102,940,604	$ 7,045,825	$ 550,479	$ 110,536,908	$ 4,966,024

City of Mesquite, Texas
Statement of Cash Flows – Proprietary Funds (continued)
Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Sewer	Drainage Utility District	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 15,177,849	$ 2,370,738	$ (258,907)	$ 17,289,680	$ (690,780)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	6,547,569	1,418,840	653,789	8,620,198	-
Other income	963,004	-	-	963,004	-
Changes in operating assets and liabilities:					
Receivables, net	1,421,143	(124,117)	(3,573)	1,293,453	(52,628)
Inventories (supplies)	52,190	-	3,624	55,814	-
Prepaid expenses and other assets	15,873	-	-	15,873	(38,465)
Deferred outflows of resources - pension	(925,562)	(69,966)	140,629	(854,899)	-
Deferred outflows of resources - OPEB	45,994	3,833	7,666	57,493	-
Accounts payable and accrued liabilities	2,687,627	152,117	(142,952)	2,696,792	159,856
Customer deposits	436,034	-	6,483	442,517	-
Estimated unpaid claims	-	-	-	-	834,973
Unearned revenue	-	-	-	-	-
Deferred inflows of resources - pension	777,090	39,535	54,387	871,012	-
Deferred inflows of resources - OPEB	(166,937)	(13,912)	(27,824)	(208,673)	-
Compensated absences	(32,684)	29,900	15,963	13,179	-
Net pension liability	(337,522)	(28,128)	(56,256)	(421,906)	-
Total OPEB liability	180,556	15,047	30,094	225,697	-
Total adjustments	11,664,375	1,423,149	682,030	13,769,554	903,736
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 26,842,224	$ 3,793,887	$ 423,123	$ 31,059,234	$ 212,956
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Contributions of capital assets	$ 3,748,587	$ 2,123,987	$ -	$ 5,872,574	$ -
Purchase of machinery, equipment, and vehicles on account	$ 1,175,080	$ 40,771	$ -	$ 1,215,851	$ -

City of Mesquite, Texas
Statement of Fiduciary Net Position – Fiduciary Funds
September 30, 2021

	Private-Purpose Trust Fund	Custodial Funds
ASSETS:		
Pooled cash and investments	$ 764,837	$ 1,676,805
Interest receivable	129	
Taxes receivable levied for other governments (net of allowance for uncollectibles)	-	4,623,389
Total Assets	764,966	6,300,194
LIABILITIES:		
Accounts payable	-	411,088
Due to other governments	-	4,623,389
Total Liabilities	$ -	$ 5,034,477
NET POSITION:		
Restricted for individuals, organizations, and other governments	764,966	1,265,717
Total Net Position	$ 764,966	$ 1,265,717

City of Mesquite, Texas

Statement of Changes in Fiduciary Net Position – Fiduciary Funds

Year Ended September 30, 2021

	Private-Purpose Trust Fund	Custodial Funds
ADDITIONS		
Investment earnings	$ 689	$ -
Property tax collections for other governments	-	142,215,149
Seizures	-	1,870,224
Miscellaneous	117,809	804,226
Total Additions	118,498	144,889,599
DEDUCTIONS		
Payments of property tax to other governments	-	142,215,149
Seizures forfeited or returned to defendants	-	1,922,483
Miscellaneous	1,581	804,226
Total Deductions	1,581	144,941,858
Net increase in fiduciary net position	116,917	(52,259)
Net position, beginning, as previously reported	-	-
Change in accounting principle (*see note 1*)	648,049	1,317,976
Net position, beginning, as restated	648,049	1,317,976
Net position, ending	$ 764,966	$ 1,265,717

Note 1: Summary of Significant Accounting Policies

The City of Mesquite, Texas (City) was incorporated on December 3, 1887. It has been a home rule charter city since August 1953, pursuant to Article XI, Section 5 of the State Constitution. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, public services, culture, recreation, and community development.

The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below:

Reporting Entity

The City is a municipal corporation governed by an elected mayor and six-member Council. As required by GAAP, these financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. In accordance with GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 84, the blended component units discussed below have been included in the City's reporting entity because of the significance of their operational or financial relationship with the City. The City has no discretely presented component units.

Mesquite Quality of Life Corporation

The Quality of Life Corporation (the "Corporation") 4B Sales Tax Special Revenue Fund is presented as a "blended" fund in the financial statements. The Corporation is administered by a seven-member City Council appointed board of directors which are removable by the City Council at any time without cause. No more than four of the seven directors may be City Council members or City of Mesquite employees. Presently, all members of the Board are residents who are neither City Council members nor City employees. The purpose of the Corporation is to study and fund permissible projects for public safety, transportation or parks and recreation purposes from a one-half of one percent general sales tax. The Corporation's activities are subject to Council approval and are for the exclusive benefit of the City. In this respect, the Corporation acts as a financing authority to obtain resources for the projects. When the project is completed, the capital assets are owned by the City not the Corporation. Complete financial statements for the Quality of Life Corporation are available upon request from the City.

Tax Increment Reinvestment Zones (TIRZ)

The City has eleven Tax Increment Reinvestment Zones which provide for public improvements within each zone. The City's Tax Increment Reinvestment program identifies under-performing real estate in the City, creates redevelopment plans, works with private developers to implement these plans, and reinvests a portion of property tax revenues generated from new real estate developments in the area to encourage the implementation of the development plan.

Separate financial statements for the individual zones are not prepared.

Rodeo City TIRZ No. 1 – created in 1997 to update essential public infrastructure and to advance economic development to attract businesses and jobs. The Board is comprised of six City Council members and one member of City staff. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Towne Centre TIRZ No. 2 – created in 1998 to maintain the long-term viability of the Town East Mall retail area and to accelerate the pace of new retail development along the IH-635 corridor. The Zone was expanded in December 2017 to include Downtown Mesquite and the Market East area to encourage further retail, office, and industrial development. In December 2019, the Mesquite Independent School District (MISD) participation end the zone ended. Prior to December 2019, the Board was comprised of four City Council members and three Mesquite Independent School District (MISD) Board members. In Beginning January 2021, the Board is comprised of seven City Council members. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Lucas Farms TIRZ No. 6 – created in 2008 to provide public infrastructure for a proposed residential development in the Zone. The Board is comprised of seven City Council members. The TIRZ is a blended component unit in the Local Finance Capital Project Fund. The zone was dissolved effective November 16, 2020.

Skyline TIRZ No. 7 – created in 2015 to provide public infrastructure for a proposed medical district development in the Zone. The Board is comprised of seven City Council members. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Gus Thomasson TIRZ No. 8 – created in 2015 to transform the Zone into an engaging place for new businesses and new households and to promote reinvestment to existing properties. The Zone was expanded in December 2017 to include the IH-30 corridor to eliminate obstacles that impair sound growth of the City in the Zone. The Board is comprised of seven City Council members. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Town East/Skyline TIRZ No. 9 – created in 2016 to support industrial and economic development for industry job creation, cleanliness, and appeal to the industrial character of the Big Town Gateway of the City. The Zone was expanded in December 2017 to include the Big Town area in order to help build on the successful base of the Skyline Industrial park and allow for infrastructure financing to further develop the City's industrial base. The Board is comprised of three members of City Council, one member of City Staff and three members representative of the businesses within the Zone. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Polo Ridge TIRZ No. 10 – created in 2017 to provide public infrastructure for a proposed residential development in the Zone. The Board is comprised of six City Council members and one member of City staff. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Heartland Town Center TIRZ No. 11 – created in 2017 to provide public infrastructure for a proposed residential development in the Zone. The Board is comprised of seven City Council members. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

IH-20 Business Park TIRZ No. 12 – created in 2018 to provide public infrastructure for a proposed business park in the Zone. The Board is comprised of seven City Council members. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Spradley Farms TIRZ No. 13 – created in 2020 to provide public infrastructure for a proposed residential development in the Zone. Prior to December 2020, The Board is comprised of seven City Council members. Beginning in December 2020, the Board is composed of seven City Council members and two Kaufman County representatives. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Alcott Logistics TIRZ No. 14 – created in 2021 to provide public infrastructure for a proposed residential development in the Zone. The Board is comprised of seven City Council members. The TIRZ is a blended component unit in the Local Finance Capital Project Fund.

Public Improvement Districts (PIDs)

The City has four Public Improvement Districts. Mesquite's PID program allows for groups of property owners to request special property assessments for the provisions of services above typical City levels. Working with City staff, each PID may select its own budget and categories based on its goals and needs, subject to Chapter 372 of the Texas Local Government Code. This may consist of eligible supplemental activities such as marketing the area, providing additional security, landscaping and lighting, street cleaning, and cultural or recreational improvements. Each PID is operated by a designated management organization.

Separate financial statements for the individual PIDs are not prepared.

Heartland Town Center PID – created in December 2017 to support a residential and retail development along the IH-20 corridor in Mesquite. The PID sold bonds in September 2018 to fund certain infrastructure projects in the District. Payments from bond proceeds must be reviewed and approved by City staff prior to distribution. The PID is a blended component unit in the Local Finance Capital Project Fund.

Polo Ridge PID – created in December 2017 to support a residential development along the IH-20 corridor in Mesquite. The PID sold bonds in July 2020 to fund certain infrastructure projects in the District. Payments from bond proceeds must be reviewed and approved by City staff prior to distribution. The PID is a blended component unit in the Local Finance Capital Project Fund.

Iron Horse PID – created in February 2020 to support residential development along Rodeo Drive in Mesquite. The PID sold bonds in June 2020 to fund certain infrastructure projects in the District. Payments from bond proceeds must be reviewed and approved by City staff prior to distribution. The PID is a blended component unit in the Local Finance Capital Project Fund.

Solterra PID – created in April 2021 to support residential development along Faithon P. Lucas, Sr. Boulevard in Mesquite. The PID had not sold bonds as of September 30, 2021.

Historic Mesquite, Inc.

Historic Mesquite, Inc. provides funding to maintain historical sites within the City. The City does not have a majority position on this board; however, the City does have the ability to influence the financial decisions in that City Council reviews and approves the annual budgets of these entities. Management of the City has operational responsibility for the component unit. The activity of this entity is almost entirely for the benefit of the City as well. Historic Mesquite, Inc. is reported as part of the general fund and does not issue separate financial statements.

Mesquite Arts Council

Mesquite Arts Council provides funding for arts and culture to the Mesquite Art Center. The City does not have a majority position on this board; however, the City does have the ability to influence the financial decisions in that City Council reviews and approves the annual budgets of these entities. Management of the City has operational responsibility for the component unit. The activity of this entity is almost entirely for the benefit of the City as well. Mesquite Arts Council is reported as part of the general fund and does not issue separate financial statements.

Keep Mesquite Beautiful, Inc.

Keep Mesquite Beautiful, Inc. provides funding for local beautification projects within the City. The City does not have a majority position on this board; however, the City does have the ability to influence the financial decisions in that City Council reviews and approves the annual budgets of these entities. Management of the City has operational responsibility for the component unit. The activity of this entity is almost entirely for the benefit of the City as well. Keep Mesquite Beautiful, Inc is reported as part of the general fund and does not issue separate financial statements.

Mesquite Housing Finance Corporation, the Mesquite Health Facilities Development Corporation, and the Mesquite Industrial Development Corporation

Also included in the financial statements are the operating activities of the Mesquite Housing Finance Corporation, the Mesquite Health Facilities Development Corporation, and the Mesquite Industrial Development Corporation which provide services almost entirely to the primary government. These corporations have substantively the same governing body as the City. The issuance of conduit debt for the corporations is discussed in Note 13. Separate financial statements for these entities are not available.

Government-Wide Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the reporting entity. All fiduciary activities are reported only in the fund financial statements. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The effect of inter-fund activity has been removed from these statements with the exception of some vehicle maintenance charges and management information services provided to user departments. The inter-fund services provided and used are not eliminated in this process of consolidation. Governmental activities, which are partially supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as "net position". Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Mesquite is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. This statement also demonstrates the degree to which the direct expenses of a given activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All nonmajor funds are aggregated and presented in a single column. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Mesquite, like other local governments, uses fund accounting to aid financial management and demonstrate legal compliance.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The City maintains ten governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Local Finance Capital Project, Bond Finance Capital Project funds, Debt Service, and Other Grants, all of which are major funds. Data from the other five funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Budgetary comparison schedules follow these combining statements for those nonmajor funds that adopt annual budgets.

Proprietary funds are maintained for enterprise and internal service operations of the City. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Water and Sewer and the Drainage Utility District funds are considered to be major enterprise funds and the Municipal Airport and Golf Course funds are presented in a separate column as the nonmajor enterprise funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its health claims and general liability operations. The activity in these funds is allocated between governmental type activities and business type activities based on proportionate use for presentation in the government wide statements. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The resources of these funds are not reflected in the government-wide financial statements because they are not available to support the City's own programs. The City reports three fiduciary funds, including the Tax Collection, Seized Assets, and Cemetery Trust Funds. The fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. With the economic resources measurement focus, all assets, deferred outflow of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are reported on the statement of net position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the fiscal year end except investment income, which is recorded as earned. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and other long-term liabilities, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

The revenues susceptible to accrual are ad valorem taxes, gross receipts taxes, licensees, charges for services, fines and fees, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or with the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government, as they are deemed immaterial.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, drainage utility and other proprietary operations are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses.

The City of Mesquite reports the following major governmental funds:

- The General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

- The Local Finance capital project fund is used to account for financial resources generated from local revenue sources to be expended for various capital projects. This fund includes the resources of the ten Tax Increment Reinvestment Zones, three Public Improvement Districts as well as the Housing Finance, Health Facilities, and Industrial Development Corporations. The individual projects within the Local Finance fund are budgeted over the life of the project and not on an annual basis; therefore, budgetary data for these funds have not been presented in the financial statements.

- The Bond Finance capital project fund is used to account for financial resources generated primarily from bond proceeds to be expended for various capital projects. The individual projects are budgeted over the life of the project and not on an annual basis; therefore, budgetary data for these funds have not been presented in the financial statements.

- The Debt Service fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The City has designated this fund as major.

- The Other Grants fund is a special revenue fund is used to account for funds awarded to the City by all federal and state awarding agencies other than those funds accounted for in the Housing Grants fund.

The City of Mesquite reports the following major proprietary funds:

- The Water and Sewer enterprise fund is used to account for the rendering of water and sewer services to the residents and businesses of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operation, maintenance, debt service, and billing and collecting.

- The Drainage Utility District enterprise fund is used to account for those expenditures incurred as a result of the federally mandated National Pollutant Discharge Elimination System (NPDES) permit program. This federal program requires the City to educate the general public about pollutants and their presence in storm water runoff; adopt a comprehensive storm water ordinance; operate a street sweeping program; design, establish and review storm water drainage improvements; and monitor storm water quality. Funding for the District is from monthly drainage charges to commercial and residential customers, revenue bond proceeds and interest earnings.

Additionally, the City of Mesquite reports the following fund types:

- Internal service funds account for fleet management and risk management services (including group medical insurance and general liability) provided to other departments or agencies of the City on a cost-reimbursement basis.

- The private-purpose trust fund accounts for contributions made to maintain a small cemetery within the City.

- The custodial funds account for monies held for ad valorem taxes collected on behalf of the Mesquite Independent School District and for funds seized from court cases that are held in escrow until judgment.

Budgetary Data

Budgets are a plan of financial operation providing an estimate of proposed expenditures for a given period and the proposed means of financing them. The budgetary process begins with City department heads (or, in the case of the Quality of Life Corporation, its Board of Directors) developing expenditure budget requests and revenue estimates in April for the fiscal year beginning the following October 1. These requests and estimates are then submitted to the City Manager for review and input. As required by City Charter, the City Manager is to have prepared an annual operating budget by August 15 for the General, Debt Service and certain budgeted Special Revenue funds. The proposed budget is then presented to the City Council for its consideration and adoption through passage of an ordinance.

Between the time the budget is made available to the public and the time it is legally adopted, the City Council provides for several public hearings to gather input from the public. During the public hearings, citizens are encouraged to offer their suggestions and ideas of what programs they would like to be included (or not included) in the budget. During the preparation of the 2020-2021 budget, the City Council conducted three public hearings and held numerous work sessions in an effort to obtain as much citizen input as possible. The adopted budget is reassessed by departments midway through the fiscal year, and revenue and expenditure projections are revised. The City Manager then presents these revisions to the City Council for adoption, resulting in what is termed an amended budget. While infrequent, the City Council may amend the budget prior to or after this mid-year review. All amendments to the budget, however, must be adopted by ordinance. Unexpended appropriations lapse at fiscal year-end.

During 2020-2021 the City Council amended the budget in March and July. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that would increase total fund appropriations must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level.

Budgets for the General, Debt Service, and the following special revenue funds: Housing Grants, Quality of Life Corporation, Hotel/Motel, and Confiscated Drug are legally adopted on a basis consistent with GAAP on the modified accrual basis of accounting. Accordingly, the budgetary comparison statements and schedules present actual expenditures on a basis consistent with the legally adopted budgets as amended. Capital Project funds are budgeted over the life of the project and not on an annual basis; therefore, budgetary data for these funds have not been presented in the financial statements. The Other Grants and other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

Encumbrances

An encumbrance system is maintained in governmental funds to account for unperformed commitments (*i.e.*, purchase orders, contracts, or other forms of legal commitment). All appropriations and encumbrances lapse at fiscal year-end, and any valid encumbrances outstanding at fiscal year-end are re-appropriated as part of the subsequent year's budget pursuant to state regulations.

Pooled Cash and Investments

Cash balances of all City funds, excluding the accounts payable account and payroll clearing account are pooled into one bank account in order to maximize investment opportunities. Negative balances, if applicable, incurred in pooled cash at year end are treated as inter-fund receivables of the General Fund and inter-fund payables of the deficit fund.

Investments purchased with pooled cash are classified as pooled cash and investments in the accompanying government-wide and fund financial statements. Earnings from these investments are allocated monthly to each fund based on each fund's relative month-end cash and investment balance, except for the debt service fund, which is allocated to the General Fund. Investments are recorded at amortized cost, and at fiscal year-end investments with original maturity greater than one year are reflected at fair value on the accompanying government-wide and fund financial statements.

The relationship of an individual fund to the pooled cash and investments account is essentially that of a demand deposit account. Individual funds can withdraw cash from the account as needed, and therefore all equity that the fund has in the pooled cash and investments account is highly liquid. For the purpose of the accompanying statement of cash flows, the City has chosen to reconcile to "pooled cash and investments," as all investments of the funds are regarded as cash equivalents. Deposit and investment risk disclosures are in accordance with GASB Statement No. 40 *Deposit and Investment Risk Disclosures*.

Interfund Receivables and Payables and Interfund Transactions

Arms-length transactions between funds for goods and services are reported as revenues in the selling fund and as expenses/expenditures in the acquiring fund. Any unpaid amounts are appropriately recorded as interfund receivables/payables when liquidation is expected within one year. If anticipated repayment is longer than one year, amounts are classified as advances to/from other funds. Flows of assets from one fund to another with no requirement for repayment or without an equivalent flow of assets in return are accounted for as transfers. Legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds. On the government-wide statement of net position, payables and receivables within governmental and business-type activities are eliminated and balances between these activities are reported on a single line entitled "internal balances."

Indirect and Centralized Expenses

The City allocates to the housing grants fund, water and sewer fund, and drainage utility district fund an indirect cost percentage for "centralized" expenses, which include an administrative overhead initially paid by the General Fund. These costs are determined on an annual basis through a cost allocation plan. During fiscal year ended September 30, 2021, the City's General Fund was reimbursed $1,605,996 for these services. Interfund reimbursements are reported as an expenditure/expense in the fund ultimately responsible and as a reduction of expenditure/expense in the fund being reimbursed.

Inventory

Inventory is valued at cost using the first-in / first-out (FIFO) method. Inventories are maintained on a perpetual inventory system and adjustments are made at fiscal year-end based upon a physical count. Inventory consists of expendable supplies held for consumption and are recorded as an expenditure upon consumption in governmental funds.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2021, are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are accounted for on the consumption basis in governmental funds.

Restricted Assets

Certain resources of the City are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants or set aside for bond repayment or as stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Capital Assets

Capital assets, which includes land, buildings, infrastructure, improvements, equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Construction in progress is not depreciated until the assets are placed into service.

The City's capitalization policy requires that assets capitalized have an original cost of $5,000 or more and a useful life of at least five years. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	25 - 50 years
Infrastructure/improvements	15 - 50 years
Equipment	5 - 20 years

Estimated Claims Payable

Property, general liability, and workers' compensation insurance coverage is accounted for in the General Liability Fund, an internal service fund. At year end, the estimated settlement value of claims reported and of claims incurred but not reported in excess of liability insurance limits is classified as estimated claims payable. Group health insurance is accounted for in the Health Claims Fund, an internal service fund. At year end, an estimate of unpaid claims that were incurred prior to September 30, 2021 is accrued based on past claims experience.

Accrued Compensated Absences

City employees earn vacation and sick leave in varying amounts. Vacation leave accrues for employees with less than five years of service at the annual rate of 10 working days. Upon attaining five years of service, employees are awarded 15 working days annually until 15 years of service when vacation leave is earned at an annual rate of 20 days. Employees with over 25 service years accrue 25 days annually. Any employee leaving the City in good standing following one year of continuous service is paid for accumulated vacation leave not to exceed 20 working days at their current pay rate. Sick leave accrues at an annual rate of 15 working days. Upon termination, unused accumulated sick leave is paid to employees with three to five years of service at one-third, employees with five to six years of service at two-thirds, and six years and over is paid all accumulated sick leave up to a maximum of 90 days. Police and firemen are reimbursed upon termination for all unused accumulated sick leave up to the maximum of 90 days no matter how long they were employed by the City as required by State Civil Service law.

The measurement of the liability for compensated absences was determined by applying a vesting method approach to accumulated vacation and sick leave balances at fiscal year-end and includes additional salary related payments for Social Security, Medicare, and retirement contributions, in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. No liability is recorded in the fund statements of governmental funds unless they have matured, as payment of this liability will not be made with expendable available financial resources unless an employee has terminated employment as of the end of a fiscal year. In the government-wide financial statements and proprietary fund statements, the liability for employees with over 20 years of service is recorded as a current liability as these employees are eligible for retirement regardless of their age.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the City's OPEB Plan, information has been determined on the same basis as they are reported by the OPEB plan. For this purpose, the City recognizes benefit payments when due and payable with the benefit terms.

Long-term Debt

In the government-wide financial statements and the fund level proprietary financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized using the interest method over the life of the bonds. In the fund financial statements, governmental funds recognize bond premiums and discounts as other financing sources (uses) during the current period. The face amount of debt issued is recorded as other financing sources. Issuance costs are reported as expenditures in the funds receiving the bond proceeds.

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

- Committed fund balance represents amounts that can be used only for the specific purposes determined by of the adoption of an ordinance committing fund balance for a specified purpose by the City Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation.

- Assigned fund balance represents amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by authorized City management to assign fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

- Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred loss on refunding - A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Deferred pension contributions – These contributions are deferred and recognized in the following fiscal year.

- Difference in expected and actual pension experience – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which the difference occurred.

- Difference in expected and actual OPEB experience – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which the difference occurred.

- Difference in assumption changes – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.

- Difference in assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which the difference occurred.

- Difference in proportional share – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they were incurred.

In addition to liabilities, the statements of net financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Difference in expected and actual pension experience – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which the difference occurred.

- Difference in expected and actual OPEB experience – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which the difference occurred.

- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

- Difference in proportional share – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they were incurred.

- Unavailable revenue – This item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues the following sources: ambulance, ad valorem taxes, court fines and fees, grass and weed mowing, HUD vouchers, and other intergovernmental receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of GASB Statement No. 84, Fiduciary Activities, (GASB 84) and No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 *(GASB 97)*

Effective October 1, 2020, the City implemented GASB 84 and GASB 97. These statements establish criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Adoption of GASB 84 and 97 resulted in the City's Tax Collection Fund being reported as a custodial fund (previously reported as an agency fund) and the City's Seized Assets Fund (previously reported as part of the Confiscated Drug Fund) and Cemetery Trust Fund (previously reported as part of the Other Special Revenue Fund) meeting the criteria to be reported as a fiduciary activity and being presented in the City's statement of fiduciary net position and statement of changes in fiduciary net position. The adoption of GASB 84 and 97 resulted in the following adjustments to beginning net position or fund balances at October 1, 2020:

	Government Wide - Governmental Activities
Net Position at October 1, 2020, as previously reported	$ 54,138,348
Adjustment to beginning net position for GASB No. 84 implementation	(648,049)
Net Position at October 1, 2020, as restated	$ 53,490,299

	Fiduciary Activities
Net Position Restricted for Individuals, Organizations, and Other Governments at October 1, 2020, as previously reported	$ -
Adjustments to beginning net position for GASB No. 84 implementation	
Seized Assets Fund	1,317,976
Cemetery Trust Fund	648,049
Subtotal	1,966,025
Net Position Restricted for Individuals, Organizations, and Other Governments at October 1, 2020, as restated	$ 1,966,025

	Nonmajor Governmental Funds
Fund Balances at October 1, 2020, as previously reported	$ 9,018,440
Adjustment to beginning fund balances for GASB No. 84 implementation	(648,049)
Fund Balances at October 1, 2020, as restated	$ 8,370,391

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following new statements to be implemented in future years.

GASB Statement No. 87, *Leases* (GASB 87)

GASB 87 provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and corresponding liability. The liability will be based on payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and non-lease components will need to be separated so each component is accounted for accordingly. The City will implement GASB 87 during the year ending September 30, 2022, using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun. The impact of applying the Statement has not been determined.

GASB Statement No. 91, *Conduit Debt Obligations* (GASB 91)

GASB 91 has the primary objectives of providing a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This standard becomes effective for the City in fiscal year 2023. The impact of applying the Statement has not been determined.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94)

GASB 94 provides recognition and measurement guidance for Service Concession Arrangements (SCAs) and other public-private partnerships (PPP) that do not meet the lease definition. This standard becomes effective for the City in fiscal year 2023. The impact of applying the Statement has not been determined.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96)

GASB 96 provides improvements to reduce diversity in current reporting; defining subscription-based information technology arrangements (SBITA) leveraging guidance in Statement 87, *Leases*. This standard becomes effective for the City in fiscal year 2023. The impact of applying the Statement has not been determined.

Note 2: Deposits and Investments

The City maintains a cash and investment pool that combines cash of the various funds in order to maximize investment opportunities. The amounts reflected below include the revenue bond reserve cash and investments reflected on the government-wide and proprietary fund financial statements of net position.

Deposits

At September 30, 2021, the carrying amount of the City's demand deposits and certificates of deposit totaled $45,046,323 and the bank balance was $50,484,893. Cash on hand for the City was $18,884. The carrying amount of cash for the Fiduciary funds was $2,441,642. The carrying amount of cash for the Public Improvement Districts was $9,373,514.

Custodial Credit Risk

In the case of deposits, this is the risk that, in the event of a bank's failure, the City's deposits may not be returned to it. Pursuant to provisions of both the Texas Public Funds Investment Act and the Public Funds Investment Policy of the City, deposits of the City that exceed the federal depository insurance coverage levels are materially collateralized with securities held by a third-party custodian in the City's name. Investments, other than investments that are obligations of the U.S. government, its agencies, and instrumentalities, are insured or registered in the City's name and held by a third-party custodian. In order to anticipate market changes and to provide a level of security for all funds, the collateralization level will be 102% (on a market value basis) of principal and accrued interest on the deposits.

Investments

The City's investment policies are governed by state statutes. The City's investment policies further limit state statutes such that eligible investments include the following:

1. Obligations of the United States of America its agencies and instrumentalities, including the Federal Home Loan Bank that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, in an amount up to 100% of portfolio.

2. Obligations of the state of Texas, its agencies, counties, cities, and other political subdivisions rated as to investment quality by a nationally recognized investment rating firm not less than AA or its equivalent, in an amount up to 20% of portfolio.

3. Certificates of Deposit, in an amount up to 20% of portfolio, purchased with the following conditions:

    a. Shall be issued by a depository institution that has its main office or branch office in the state of Texas.

    b. Shall be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by obligations in a manner and amount provided by law for deposits of the investing entity as described in Section 2256.010 (b) (3) of the PFIA.

    c. Shall be purchased through a broker that has a main office or a branch office in this state and is selected from a list adopted by the investing entity.

    d. The broker or depository institution selected shall arrange for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the City's account.

    e. The City shall appoint the depository institution selected or a clearing broker-dealer registered with the Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c.3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the City.

4. Fully collateralized direct repurchase agreements with a defined termination date secured by cash and obligations of the United States or its agencies and instrumentalities. These securities or cash shall be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third-party selected and approved by the City. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in Texas. A Master Repurchase Agreement must be signed by the bank/dealer prior to investment in a repurchase agreement. All repurchase agreement transactions will be on a delivery vs. payment basis. Securities received for repurchase agreements must have a market value greater than or equal to 102 percent at the time funds are disbursed. Repurchase agreement security types will be limited to 20% of the portfolio.

5. Money Market Mutual funds that are 1) registered and regulated by the SEC, 2) have a dollar weighted average stated maturity of 90 days or less, 3) maintain a net asset value of $1 for each share, 4) investments are exclusive in obligations approved by the PFIA, 5) continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent, and 6) provide a prospectus and other information as described in Section 2256.014 (a) (2) of the PFIA. Total investment in all money market mutual funds shall not exceed 50% of the portfolio.

6. Government investment pools which 1) meet the requirements of Chapter 2256.016 of the Public Funds Investment Act, 2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, 3) investments are exclusive in obligations approved by the PFIA and 4) are authorized by resolution or ordinance by City Council. Investment in any one local government investment pool shall not exceed 40% of the City's portfolio. Total investment in all pools shall not exceed 80% of the City's portfolio.

Investment Pools

Investments of the City, other than for amortized cost pools, are valued based upon quotes obtained from Interactive Data Pricing and Reference Data (IDC). Investments in these pools are valued based upon the value of pool shares. No investments are reported at amortized cost, except for the City's investments in the Texas Local Government Investment Pool. The City invests in three pools; TexStar, Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) and the Texas Local Government Investment Pool (TexPool), which were created under the Interlocal Cooperation Act, Texas Government Code Ann. Ch. 791 and the Texas Government Code Ann. Ch. 2256. TexStar and Texas CLASS are rated AAAm and seeks to maintain a constant net asset value of $1.00. Investments in the pools are considered to be cash equivalents when preparing these financial statements.

The Texas Treasury Safekeeping Trust Company (the Trust) is trustee of TexPool and is a limited purpose trust company authorized pursuant to Texas Government Code Ann. Section 404.103 for which the Texas State Comptroller is the sole officer, director, and shareholder. The advisory board of TexPool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act, Texas Government Code Ann. chapter 2256. TexStar is governed by a five-member Board of Directors comprising three government officials or employees and two other persons with expertise in public finance. Additionally, TexStar has a five-member Advisory Board. Texas CLASS is supervised by a Board of Trustees (the Board) who are elected by the Participants and shall be an odd number of three or more. Additionally, Texas CLASS has a five-member Advisory Board. Fair value of the City's position in the pools is, in all material respects, the same as the value of the pool shares. Investment income earned on pooled cash and investments is allocated to each fund based upon each fund's weighted average daily cash and investment balances.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from increasing interest rates, the City's investment policy establishes the portfolio's maximum average dollar-weighted maturity to no more than one year. By policy, the City will not directly invest in securities maturing more than three years from the date of purchase.

The City's investments at September 30, 2021, are:

Investment Type	Fair Value	Weighted Average
Managed Pools:		
TexPool	$ 5,501,299	0.101
TexPool Prime	57,252,234	0.132
TexSTAR	5,447,882	0.214
Texas Class	61,458,151	0.247
Certificates of Deposit:		
Comerica Bank	4,000,000	0.859
Money Market:		
Wells Fargo (Morgan Stanley)	10,539,487	0.060
US Agency Securities	42,512,807	2.006
Total	$ 186,711,860	0.410

Credit Risk

The City's investment policy helps minimize credit risk by requiring the City to limit investments to the safest types of securities, pre-qualify the financial institutions and broker/dealers with which the City will do business, and diversify the investment portfolio so that potential losses on individual securities will be minimized. The City's investments in U.S. Agency securities (FHLB, FFCB, and FHLMC) are rated at least AA by Standard and Poor's and Aaa by Moody's Investor's Service at the date of purchase. The investment in Texas Local Government Pools (TexPool, TexPool Prime, TexStar, and Texas Class) carried a credit rating of AAAm by Standard and Poor's as of September 30, 2021. TexPool and TexPool Prime are overseen by the Texas State Comptroller of Public Accounts, and the fair value is the same as the value of the pool shares. TexStar is overseen by a Governing Board consisting of individuals from participating Government Entities in the pool, and the fair value is the same as the value of the pool shares. Texas Class is overseen by a Board of Trustees consisting of individuals from active participating Government Entities in the pool that are elected by the participants, and the fair value is the same as the value of the pool shares. The City's investments in Morgan Stanley's Money Market fund through Wells Fargo carried a credit rating of AAAm by Standard and Poor's and Aaa-mf by Moody's Investor's Service as of September 30, 2021.

Concentration of Credit Risk

With the exception of U.S. Treasury securities, the City's investment policy limits the amount that may be invested in any single security type. Investment Policy limits investment portfolio to no more than 80% investment pools, 20% certificates of deposit, 50% money market funds, 20% obligations of the state of Texas, its agencies, counties, cities, and other political subdivisions, and 20% repurchase agreements of the total investment portfolio. As of September 30, 2021, the City's total investments are in the following: US agency issues (22.77%) consisting of U.S. Treasury Notes (10.73%), Farm Credit (4.28%), and FHLMC (4.28%); investment pools (69.44%); money market funds (5.65%), and certificates of deposit (2.14%).

Note 3: Fair Value of Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2021:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. agency securities	$ 42,512,807	$ -	$ 42,512,807	$ -
Total investments by fair value level	42,512,807	$ -	$ 42,512,807	$ -
Investments measured at net asset value				
Texas Class	61,458,151			
TexStar	5,447,882			
Money Market Fund	10,539,487			
	77,445,520			
Investments measured at amortized cost				
TexPool	5,501,299			
TexPool Prime	57,252,234			
Non-negotiable certificate of deposit	4,000,000			
	66,753,533			
Total investments	$ 186,711,860			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for the applicable external investment pool balances. Additionally, the City has investments in governmental pools and a certificate of deposit, as listed above, which are recorded at amortized cost, and excluded from the fair value hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2021, no investments here held by the City meeting the Level 3 hierarchy classification.

Investment in State Investment Pools

During the year, the City invested in multiple public fund investment pools, including TexStar, TexPool, TexPool Prime, and Texas CLASS. The fair value of the position of Texas CLASS and TexStar are measured at net asset value and is designed to approximate the share value. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

Note 4: Ad Valorem Taxes

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraised value less applicable exemptions authorized by the City Council. Appraised values are established by the Dallas Central Appraisal District and the Kaufman Central Appraisal District at 100% of estimated market value. The total assessed value for the tax roll of January 1, 2020, upon which the 2021 fiscal year levy was based, was $8,839,741,373. Taxes are due October 1, immediately following the January 1 lien date and are delinquent after the following January 31st. A delinquent tax incurs a penalty of 6% beginning February 1, plus 1% for each additional month the tax remains unpaid to a maximum of 12% on July 1. A delinquent tax accrues interest at a rate of 1% for each month or portion of a month until the taxes are paid. Current tax collections for the year ended September 30, 2021, were $63,717,089 or 98.9% of the current tax levy and total tax collections (including collections on previous years) were $64,155,540 or 99.6% of the current tax levy.

In Texas, countywide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 3.5%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 3.5% above the tax rate of the previous year.

The City Charter does not provide for a debt limit; therefore, no computation of legal debt margin can be made. However, at September 30, 2021, the City had a tax rate of $0.708 for every $100 of valuation based upon a maximum ad valorem tax rate of $2.50 for every $100 of valuation imposed by Texas Constitutional law.

Note 5: Receivables

Receivables at September 30, 2021 for the government's individual major funds, which have receivables and nonmajor in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Local Finance	Bond Finance	Nonmajor Governmental Funds	Total Governmental Funds
Receivables:					
Accounts	$ 16,911,704	$ 489,728	$ -	$ 313,080	$ 17,714,512
Ad valorem taxes	2,893,998	-	-	-	2,893,998
Other taxes	1,615,977	-	-	54,497	1,670,474
Note receivable	804,560	-	-	-	804,560
Intergovernmental	6,889,230	-	-	4,588,832	13,358,335
Gross receivables	29,115,469	489,728	-	4,956,409	36,441,879
Less: allowance for uncollectibles	(12,111,344)	-	-	-	(12,111,344)
Net total receivables	$ 17,004,125	$ 489,728	$ -	$ 4,956,409	$ 24,330,535

	Water and Sewer	Drainage Utility District	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
Receivables:					
Accounts	$ 11,426,732	$ 845,295	$ 91,126	$ 12,363,153	$ 280,284
Gross receivables	11,426,732	845,295	91,126	12,363,153	280,284
Less: allowance for uncollectibles	(407,568)	(35,270)	(4,810)	(447,648)	-
Net total receivables	$ 11,019,164	$ 810,025	$ 86,316	$ 11,915,505	$ 280,284

The governmental funds report unavailable revenues from the following sources:

Source of Revenue	Total
General fund - ambulance accounts receivable	$ 1,313,003
General fund - ad valorem taxes receivable	1,902,805
General fund - court fines receivable	494,445
General fund - accounts receivable, grass and weed mowing	1,015,089
Other Grants - intergovernmental receivable	633,684
Local Finance capital projects fund - other receivable	306,513
Nonmajor funds - intergovernmental receivable	2,444,307
Total unavailable revenues for governmental funds	$ 8,109,846

Note 6: Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended September 30, 2021:

	Beginning Balance	Additions	Sales / Disposals	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 24,366,025	$ 1,553,201	$ (967,068)	$ -	$ 24,952,158
Construction in progress	52,204,403	25,619,029	-	(19,187,852)	58,635,580
Total capital assets, not being depreciated	76,570,428	27,172,230	(967,068)	(19,187,852)	83,587,738
Capital assets, being depreciated:					
Buildings	109,537,126	236,423	(387,154)	-	109,386,395
Infrastructure	314,948,555	6,859,059	-	19,187,852	340,995,466
Improvements	25,649,906	74,904	-	-	25,724,810
Equipment	79,437,449	5,333,814	(621,247)	-	84,150,016
Total capital assets, being depreciated	529,573,036	12,504,200	(1,008,401)	19,187,852	560,256,687
Less accumulated depreciation for:					
Buildings	(39,568,798)	(2,652,784)	7,743	-	(42,213,839)
Infrastructure	(165,176,481)	(5,481,327)	-	-	(170,657,808)
Improvements	(14,697,376)	(1,052,500)	-	-	(15,749,876)
Equipment	(54,966,476)	(5,910,088)	588,169	-	(60,288,395)
Total accumulated depreciation	(274,409,131)	(15,096,699)	595,912	-	(288,909,918)
Total capital assets, being depreciated, net	255,163,905	(2,592,499)	(412,489)	19,187,852	271,346,769
Governmental activities capital assets, net	$ 331,734,333	$ 24,579,731	$ (1,379,557)	$ -	$ 354,934,507

	Beginning Balance, as Restated *(see note 16)*	Additions	Sales / Disposals	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 13,377,688	$ 164,628	$ -	$ -	$ 13,542,316
Construction in progress	16,030,605	26,408,855	-	(6,780,362)	35,659,098
Total capital assets, not being depreciated	29,408,293	26,573,483	-	(6,780,362)	49,201,414
Capital assets, being depreciated:					
Buildings	10,384,719	40,420	-	-	10,425,139
Infrastructure	318,945,417	8,550,798	-	6,780,362	334,276,577
Improvements	5,043,687	-	-	-	5,043,687
Equipment	12,199,009	123,769	-	-	12,322,778
Total capital assets, being depreciated	346,572,832	8,714,987	-	6,780,362	362,068,181
Less accumulated depreciation for:					
Buildings	(3,637,143)	(227,045)	-	-	(3,864,188)
Infrastructure	(126,129,037)	(7,246,117)	-	-	(133,375,154)
Improvements	(1,597,727)	(313,764)	-	-	(1,911,491)
Equipment	(8,683,275)	(833,272)	-	-	(9,516,547)
Total accumulated depreciation	(140,047,182)	(8,620,198)	-	-	(148,667,380)
Total capital assets, being depreciated, net	206,525,650	94,789	-	6,780,362	213,400,801
Business-type activities capital assets, net	$ 235,933,943	$ 26,668,272	$ -	$ -	$ 262,602,215

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	$ 2,575,011
Fire services	1,422,329
Police services	2,005,157
Public Services	7,156,302
Parks and recreation	1,686,346
Community services	251,554
Total governmental activities	$ 15,096,699
Business-type activities:	
Water and sewer	$ 6,547,569
Drainage utility	1,418,840
Municipal airport	458,724
Municipal golf course	195,065
Total business-type activities	$ 8,620,198

Construction Commitments

The City has active construction projects as of September 30, 2021. Projects include street construction, parks and recreation improvements, fire improvement, as well as improvements in water storage and distribution facilities. Construction in progress has been categorized by the primary revenue source being used to fund the construction as follows:

	Remaining Construction Commitments
Governmental activities:	
Projects funded by general obligation bonds:	
Streets	$ 355,181
Municipal building	12,018
Public safety	2,899,962
Parks and recreation	73,099
Housing and community services	94,464
IT	3,396
Planning and development	25,479
Public works	784,177
Projects funded by local finance sources:	
Public Safety	38,432
PID	5,967,437
Parks and recreation	95,361
Economic Development	255,794
Projects funded by general sales tax (4-B portion):	
Transportation	23,712
Parks and recreation	180,690
Projects funded by grant funds:	
Public safety	146,076
Parks & Recreation	1,843
Projects funded by special revenue funds:	
Public Safety	10,329
Total governmental activities	$ 10,967,450
Business-type activities:	
Projects funded by revenue bonds:	
Water and sewer	$ 40,155
Total business-type activities	$ 40,155

Note 7: Interfund Receivables, Payables, and Transfers

Due to/from other funds

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to several funds, which the general fund expects to collect in the subsequent year. The composition of interfund balances as of September 30, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Grants Fund	$ 48,548
General Fund	Other Special Revenue Fund	44,558
General Fund	Other Special Revenue Fund	24,983
General Fund	Local Finance Fund	1,201
Local Finance Fund	Municipal Airport Fund	150,000
		$ 269,290

Transfers

Transfers were as follows for the fiscal year ended September 30, 2021:

Fund	Transfers In	Transfers Out
General	$ 6,151,794	$ 22,866,040
Local Finance	5,627,600	5,494,386
Bond Finance	-	23,309
Debt Service	21,404,394	-
Nonmajor Governmental Funds	-	2,958,510
Water and Sewer	600,000	5,074,340
Drainage Utility District	475,875	553,624
Nonmajor Enterprise Funds	50,000	199,810
Internal Service Funds	2,860,356	-
	$ 37,170,019	$ 37,170,019

The transfers were for the following purposes:

Transfer from Fund / Purpose	Transfer to Fund	Amount
General Fund-		
Property tax debt service levy	Debt Service	$ 17,316,040
Group Medical Insurance	Group Medical Insurance	500,000
Future Capital Projects	Local Finance	5,000,000
Furniture replacement	Local Finance	50,000
		22,866,040
Local Finance Fund-		
IBNR subsidy	Group Medical Insurance	1,192,816
IBNR subsidy	General Liability	1,167,540
Impact Fees	Debt Service	1,996,000
Impact Fees	Water and Sewer	600,000
Future bond issue costs	Debt Service	62,155
Future capital projects	Drainage Utility District	475,875
		5,494,386
Bond Finance Fund-		
Prior issue debt service funds	Debt Service	23,309
		23,309
Nonmajor Governmental Funds-		
Hotel/Motel tax -		
Capital projects	Local Finance	577,600
		577,600
Other Special Revenue -		
9-1-1 operations subsidy	General	780,000
Traffic enforcement	General	25,000
Child safety fees	General	200,000
		1,005,000
Mesquite Quality of Life Corporation -		
Debt service	Debt Service	1,325,910
Capital improvements	Municipal Golf Course	50,000
		1,375,910
Water and Sewer Enterprise Fund-		
General obligation debt allocation	Debt Service	481,170
Water and sewer franchise fees	General Fund	3,415,853
Payment in lieu of taxes (PILOT)	General Fund	1,177,317
		5,074,340
Drainage Utility District Fund-		
Drainage franchise fees	General Fund	244,807
Payment in lieu of taxes (PILOT)	General Fund	308,817
		553,624
Nonmajor Enterprise Fund-		
Municipal airport		
General obligation debt allocation	Debt service	199,810
		199,810
	Total	$ 37,170,019

Note 8: Long-term Liabilities

Various types of long-term debt have been issued by the City for the acquisition and construction of major capital facilities and equipment as follows:

- General obligation bonds have been issued in prior years pursuant to voter authorization for infrastructure and facility projects accounted for in a governmental capital project fund. There were no general obligation bonds issued in the current year.

- Certificate of obligation debt is similar to general obligation bonds in their usage and retirement but do not require voter authorization and are not used for refunding debt. The City issued $14,120,000 of tax-exempt Certificates in June 2021 for (i) acquisitions and installation of City information technology infrastructure and equipment; (ii) designing, engineering, developing, constructing, improving and repairing, extending streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor; (iii) designing, developing, constructing, improving and renovating City buildings and facilities, including City Hall, equipment services facilities, animal shelter facilities, composting facilities, and City fire stations, (iv) acquisition of equipment and vehicles for police, public works, fire, emergency services, building services, planning and development and park and recreation purposes; and (v) for paying legal, fiscal, engineering and other professional fees in connection with such projects and (vi) paying the costs of issuing the Tax-Exempt Certificates. Additionally, the City issued $1,885,000 of taxable Certificates in June 2021 for (i) municipal airport improvements and (ii) for paying legal, fiscal, engineering, and other professional fees in connection with such projects and (iii) paying the costs of issuing the Taxable Certificates. Certificates still outstanding may be called in whole or in part at the City's option on or after ten years from the date of issuance.

- Special Assessment bonds are issued to provide funds for improvements within the City's Public Improvement Districts (PIDs). There were no special assessment bonds issued in the current year.

- Water and sewer revenue bonds are issued to provide funds for certain improvements to the water distribution and wastewater collection systems as well as to refund prior water and sewer debt issues. These bonds are reported in the Water and Sewer fund as the debt will be repaid from revenues of this enterprise fund operation. The City issued $26,520,000 of Waterworks and Sewer System Revenue Bonds in June 2021 to (i) provide funds for improvements, additions, and extension to the system; (ii) fund the additional amount required to be accumulated in the Reserve Fund as a result of the issuance of the bonds; and (iii) to pay the costs of issuance of the bonds. Bonds still outstanding may be called in whole or in part at the City's option on or after ten years from the date of issuance.

- Municipal drainage utility system revenue bonds are issued to provide funds for drainage improvements, including the acquisition and construction of structures, equipment, and facilities for the Drainage Utility District. There were no Drainage Utility District Bonds issued in the current year.

Governmental activities long-term bonded debt at September 30, 2021, includes the following individual issues:

Governmental Activities	Issued Amount	Interest Rate (%)	Maturity Date	Amount Outstanding	Due Within One Year
General Obligation Bonds-					
Series 2012 refunding	$ 3,765,000	2.00-3.00	2/15/2024	$ 1,540,000	$ 500,000
Series 2013 refunding	7,635,000	2.00-3.00	2/15/2025	3,785,000	945,000
Series 2014 refunding	9,080,000	3.00-4.00	2/15/2026	4,635,000	970,000
Series 2015 refunding	2,935,000	2.00-4.00	2/15/2025	1,150,000	275,000
Series 2016 refunding & improvement	40,565,000	1.75-5.00	2/15/2036	30,860,000	2,385,000
Series 2017 refunding	7,600,000	2.50-5.00	2/15/2029	6,755,000	445,000
Series 2018 refunding & improvement	31,475,000	4.00-5.00	2/15/2038	25,290,000	1,085,000
Series 2019 refunding	27,685,000	2.00-3.00	2/15/2031	24,580,000	2,770,000
Series 2020	14,585,000	4.00-5.00	2/15/2040	14,260,000	470,000
				112,855,000	9,845,000
Certificate of Obligation Bonds-					
Series 2012	7,235,000	2.00-3.375	2/15/2032	3,630,000	490,000
Series 2013	5,450,000	2.00-3.00	2/15/2033	2,375,000	405,000
Series 2014	9,715,000	3.00-4.00	2/15/2034	7,270,000	395,000
Series 2015	14,835,000	2.00-5.00	2/15/2035	9,980,000	630,000
Series 2016	11,815,000	2.00-5.00	2/15/2036	6,230,000	705,000
Series 2017	8,285,000	1.000-3.670	2/15/2037	3,870,000	335,000
Series 2018	16,050,000	4.00-5.00	2/15/2038	13,450,000	680,000
Series 2019	10,065,000	3.00-4.00	2/15/2039	6,610,000	245,000
Series 2020	10,360,000	4.00-5.00	2/15/2040	10,130,000	335,000
Series 2021	14,120,000	2.00-5.00	2/15/2041	14,120,000	3,315,000
Series 2021-T	1,885,000	0.35-2.72	2/15/2041	1,885,000	80,000
				79,550,000	7,615,000
Special Assessment Bonds-					
Series 2018 - Heartland Phase 1	5,410,000	4.375-5.375	9/1/2048	5,315,000	95,000
Series 2018 - Heartland Phase 2	1,835,000	5.125-5.625	9/1/2048	1,800,000	35,000
Series 2019 - Iron Horse	10,050,000	6.5	9/15/2049	10,050,000	155,000
Series 2019 - Polo Ridge Phase 1	7,040,000	4.25-5.125	9/15/2048	6,915,000	130,000
Series 2019 - Polo Ridge Phases 2-6	7,500,000	5.125-6.125	9/15/2048	7,385,000	120,000
				31,465,000	535,000
Total governmental activities long-term bonded debt				223,870,000	17,995,000
Add: Net premium/discounts on bonds				14,022,079	-
Net governmental activities long-term bonded debt				$ 237,892,079	$ 17,995,000

Business-type activities long-term bonded debt at September 30, 2021, includes the following individual issues:

Business-type Activities	Issued Amount	Interest Rate (%)	Maturity Date	Amount Outstanding	Due Within One Year
Water and Sewer Revenue Bonds-					
Series 2010 improvements	$ 8,270,000	2.00-4.25	3/1/2030	$ 425,000	$ 425,000
Series 2012 refunding and improvements	7,945,000	2.00-3.375	3/1/2032	3,795,000	505,000
Series 2013 refunding and improvements	7,090,000	2.00-3.25	3/1/2033	3,750,000	320,000
Series 2014 refunding and improvements	11,655,000	3.00-4.00	3/1/2034	7,650,000	1,020,000
Series 2015 refunding and improvements	10,325,000	2.00-5.00	3/1/2035	5,420,000	430,000
Series 2016 refunding and improvements	15,785,000	2.00-5.00	3/1/2036	10,625,000	995,000
Series 2017 refunding and improvements	12,555,000	2.00-5.00	3/1/2037	10,710,000	715,000
Series 2018 refunding and improvements	8,920,000	4.00-5.00	3/1/2038	7,860,000	415,000
Series 2019 improvements	15,260,000	3.00-5.00	3/1/2039	14,305,000	570,000
Series 2019A refunding	9,035,000	2.00-3.00	3/1/2031	7,780,000	810,000
Series 2020 improvements	19,430,000	4.00-5.00	3/1/2040	19,035,000	630,000
Series 2021 improvements	26,520,000	2.00-4.00	3/1/2041	26,520,000	970,000
				117,875,000	7,805,000
Drainage Utility System Revenue Bonds-					
Series 2011 refunding	4,385,000	2.00-3.750	3/1/2022	225,000	225,000
Series 2019 improvements	7,910,000	2.00-4.00	3/1/2039	7,405,000	300,000
				7,630,000	525,000
Total business-type activities long-term debt				125,505,000	8,330,000
Add: Net premium/discounts on bonds				9,490,914	-
Net business-type activities long-term debt				$ 134,995,914	$ 8,330,000

Annual debt service requirements to maturity for long-term bonded debt are as follows:

	Governmental Activities		Business-type Activities	
Fiscal Year Ending September 30,	Principal	Interest	Principal	Interest
2022	$ 17,995,000	$ 9,133,746	$ 8,330,000	$ 4,634,303
2023	16,345,000	8,434,041	7,970,000	4,236,856
2024	16,275,000	7,813,035	8,275,000	3,945,744
2025	15,220,000	7,171,597	8,010,000	3,628,456
2026	14,550,000	6,551,537	8,085,000	3,288,356
2027-2031	58,985,000	25,073,707	36,360,000	11,667,891
2032-2036	47,350,000	14,237,766	31,785,000	5,271,269
2037-2041	23,720,000	6,066,985	16,690,000	973,312
2042-2046	8,545,000	2,926,569	-	-
2047-2049	4,885,000	490,144	-	-
Total	$ 223,870,000	$ 87,899,127	$ 125,505,000	$ 37,646,187

Pledged Revenues

The following is a summary of pledged revenues of the City for the year ended September 30, 2021:

Debt	Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue Will Not Be Available For Other Purposes
Water and Sewer Revenue Bonds	Net revenues of the City's waterworks and sewer system	$ 17,692,582	$ 10,671,715	60.3%	$ 153,137,668	Until 2041
Drainage Utility System Revenue Bonds	Net revenues of the City's drainage utility system	3,241,360	774,975	23.9%	10,013,519	Until 2039
Special Assessment Bonds	Assessments levied against assessable properties in the Districts	2,552,381	2,130,545	83.5%	62,442,732	Until 2049

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued vacation and sick leave for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund, Housing Grants Fund, Other Grants Fund, and Enterprise Funds based on the assignment of an employee at termination.

Changes in Long-term Liabilities

Long-term liabilities activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 122,010,000	$ -	$ 9,155,000	$ 112,855,000	$ 9,845,000
Certificates of obligation	67,685,000	16,005,000	4,140,000	79,550,000	7,615,000
Special assessment bonds	31,835,000	-	370,000	31,465,000	535,000
Total bonds payable	221,530,000	16,005,000	13,665,000	223,870,000	17,995,000
Add: net premium or discount	14,613,527	1,354,933	1,946,381	14,022,079	-
Net bonds payable	236,143,527	17,359,933	15,611,381	237,892,079	17,995,000
Accrued compensated absences	19,503,706	5,198,540	5,663,058	19,039,188	7,958,397
Estimated claims payable	3,825,487	16,434,070	15,599,097	4,660,460	2,562,309
	$ 259,472,720	$ 38,992,543	$ 36,873,536	$ 261,591,727	$ 28,515,706
Business-type activities:					
Bonds payable:					
Revenue bonds - water/sewer	$ 98,140,000	$ 26,520,000	$ 6,785,000	$ 117,875,000	$ 7,805,000
Revenue bonds - drainage	8,140,000	-	510,000	7,630,000	525,000
Total revenue bonds payable	106,280,000	26,520,000	7,295,000	125,505,000	8,330,000
Add: net premium or discount	7,983,134	2,672,843	1,165,063	9,490,914	-
Net revenue bonds payable	114,263,134	29,192,843	8,460,063	134,995,914	8,330,000
Accrued compensated absences	970,606	1,405,859	1,392,680	983,785	270,524
	$ 115,233,740	$ 30,598,702	$ 9,852,743	$ 135,979,699	$ 8,600,524

Note 9: Retirement Plans

Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 895 plans in the defined benefit cash balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Plan provisions for the City were as follows:

Deposit Rate:	7%
Matching Ratio (City to Employee):	2 to 1
A member is vested after:	5 years
Updated Service Credit:	100% Transfers
Annuity Increases to Retirees:	50% CPI

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	871
Inactive employees entitled to but not yet receiving benefits	504
Active employees	1,100
	2,475

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.23% and 17.64% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were $16,936,043, and were $2,000,000 in excess to the required contributions.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at September 30, 2020	$ 587,052,231	$ 469,530,209	$ 117,522,022
Changes for the year:			
Service cost	13,645,453	-	13,645,453
Interest (on the total pension liability)	39,075,390	-	39,075,390
Difference between expected and actual experience	(1,726,074)	-	(1,726,074)
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(29,960,583)	(29,960,583)	-
Administrative expense	-	(230,619)	230,619
Contributions - member	-	5,559,847	(5,559,847)
Contributions - employer	-	35,598,854	(35,598,854)
Net investment income (loss)	-	15,701,042	(15,701,042)
Other	-	(8,998)	8,998
Net Changes	21,034,186	26,659,543	(5,625,357)
Balance at September 30, 2021	$ 608,086,417	$ 496,189,752	$ 111,896,665

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the sensitivity of the net pension liability to changes in the discount rate when calculating it at 1-percentage-point-lower (5.75%) and 1-percentage-point-higher (7.75%).

	1% Decrease 5.75%	Current Rate Assumption 6.75%	1% Increase 7.75%
Discount rate	$ 192,419,409	$ 111,896,665	$ 45,237,940

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued TMRS financial report which may be obtained at www.tmrs.com.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the City recognized pension expense of $9,205,691.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 337,462	$ 3,276,356
Difference between projected and actual investment earnings on pension plan investments	-	13,288,547
Changes in assumptions	163,182	-
Change in proportional share	112,723	112,723
Employer contributions subsequent to the measurement date	11,102,627	-
	$ 11,715,994	$ 16,677,626

$11,102,627 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	
2022	$ (6,546,179)
2023	(251,015)
2024	(8,204,290)
2025	(1,062,775)
	$ (16,064,259)

Allocation of Pension Items

The City allocates pension items between governmental activities and business-type activities on the basis of employee payroll funding. For the governmental activities, the net pension liability is liquidated by the general fund. For the business type activities, the net pension liability is liquidated by the airport fund, water and sewer fund, drainage utility district fund, municipal airport fund, and municipal golf course fund.

Deferred Compensation Plan

The City offers its employees a defined contribution, deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is administered by Lincoln National Life Insurance Company. Benefit provisions are contained in the plan document and were established and can be amended by the action of City Council. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries; therefore, it is not reported in the financial statements of the City.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City does not contribute to the plan.

Note 10: Regional Systems for Water Supply and Wastewater Treatment

The City secures substantially all of its water supply and sewer services from the North Texas Municipal Water District (the "District"). The District has police, taxation, and eminent domain powers and is authorized to issue revenue bonds with State approval and functions as a political subdivision independent of the City. The District is governed by a 25-member board (the "Board"), the City being authorized by statute to appoint two of those members. The Board has full power and discretion to establish its budget and to set the rates for services it provides by contracts with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or to enforce payment of an unpaid charge, fee, or rental due to the District. A portion of the outstanding bonds of the District are contract revenue bonds based on contracts with certain member cities of the District. The City provides for the payment of its contractual obligations with the District from revenue generated by its waterworks and sewer systems. Such contractual payments provide for the payment of the principal and interest requirements on specified indebtedness and associated operation and maintenance expenses of the District. Because of the factors mentioned above the District is not included in the City's basic financial statements.

Water Supply

On August 1, 1988, the City entered into a contract with the District whereby the District agreed to provide water supply for the benefit of the City. The provisions of this contract are similar in concept, essence, and intent to the provisions of the contract originally entered into on December 12, 1953. In return for this service, the City agreed to pay the District at a rate per 1,000-gallon basis, subject to minimum annual payments which approximated $23.70 million for the fiscal year ended September 30, 2021.

Wastewater Treatment

On October 1, 1975, the City entered into a contract with the District whereby the District agreed to provide a wastewater treatment and disposal system for the benefit of the City and other cities located in Dallas, Collin, Kaufman and Rockwall Counties, Texas. Each member city annually pays its proportionate share of operating expenses and debt service of the District. The City's annual payment for the year ended September 30, 2021, was approximately $10.61 million.

Note 11: Self-Insurance

Group Health Insurance

The City established the Group Medical Insurance internal service fund in 1984 to account for the provision of group life and health insurance coverage for employees and their dependents. The City's health insurance program is a "self-insured" plan funded by both the City and participating employees. The City makes a predetermined contribution to the plan each biweekly payroll for group life and health insurance coverage for qualifying City employees and a subsidy toward employee dependent coverage. Employees contribute through payroll deductions for the balance of dependent health insurance coverage. The City's health insurance program includes stop loss coverage with a $300,000 deductible per individual with an unlimited liability limit per claim. According to the Health Care Reform Act lifetime maximums are no longer allowed. The coverage is consistent with prior years and settled claims did exceed this self-insured coverage in fiscal year 2020 by $1,013,425 and in fiscal year 2021 by $1,058,365.

All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the health plan, and the City reimburses the insurance company for the amount of each claim paid. The insurance company charges the City a fee for each claim processed.

The estimated claims payable of $1,513,234 reported in the Group Medical Insurance internal service fund is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* (GASB No. 10), which requires that a liability be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability for unpaid claims includes allocated loss adjustment expenses. Changes in the fund's claims liability amount in fiscal years 2020 and 2021 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2020	$ 1,285,465	$ 11,516,853	$ 11,696,604	$ 1,105,714
2021	1,105,714	13,890,021	13,482,501	1,513,234

Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims and for claims incurred but not yet reported is determined by the City.

General Liability Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1985, the City established the General Liability internal service fund to account for the provision of property, general liability, and workers' compensation insurance. The City's insurance coverage is through scheduled specific policies with large deductibles with the primary carrier being the Texas Municipal League Risk Pool. Under this program, the General Liability Fund provides coverage for up to a maximum of:

- $10,000 retention for each real and personal property claim and a scheduled limit on coverage
- $10,000 retention for each mobile equipment claim and a scheduled limit on coverage
- $10,000 retention for each auto physical damage claim and a scheduled limit on coverage
- $100,000 retention for each auto catastrophe claim and a $7,700,000 limit on coverage
- $50,000 retention for each law enforcement claim and a $5,000,000 limit on coverage
- $50,000 retention for each general liability claim and a $1,000,000 limit on coverage
- $2,500 retention for each airport hangar-keeper claim and a $1,000,000 limit on coverage
- $50,000 retention for each auto liability claim and a $1,000,000 limit on coverage
- $100,000 retention for each errors and omission claim and a $5,000,000 limit on coverage with a $10,000,000 annual aggregate
- $300,000 retention for each worker's compensation claim
- $25,000 retention for each crime coverage claim with a $500,000 limit on coverage
- $10,000 retention for each storage tank pollution claim with a $1,000,000 limit on coverage with a $2,000,000 annual aggregate

The General Liability Fund is funded through revenues from participating governmental and proprietary funds of the City. The above coverage is consistent with prior years and settled claims have not exceeded the self-insured coverage in any of the past three fiscal years.

The estimated claims payable of $3,147,226 reported in the General Liability internal service fund is based on the requirements of GASB No. 10. The liability for unpaid claims includes allocated loss adjustment expenses. Changes in the fund's claims liability amount in fiscal years 2020 and 2021 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2020	$ 2,388,741	$ 2,118,622	$ 1,787,590	$ 2,719,773
2021	2,719,773	2,544,049	2,116,596	3,147,226

Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provisions for reported claims and for claims incurred but not yet reported are determined by an independent consultant.

Note 12: Other Postemployment Benefits (OPEB)

Plan description

In addition to the pension benefits described in Note 9, the City provides postretirement healthcare benefits to retirees and their dependents through a single-employer defined benefit healthcare. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75. The plan does not issue a separate financial report.

Benefits provided

Healthcare benefits provided to retired employees and their dependents are under the same plan options as active employees in accordance with City ordinances. To be eligible for City-subsidized coverage, retired employees who were hired before October 1, 2004 must have 20 years of full-time service with the City or 10 years of service and be at least 60. Former employees age 60 and over with at least 5 years of service may participate in the plan after retirement. However, the City makes no contribution towards those benefits unless the employee had at least 10 years of service with the City.

Employees hired on and after October 1, 2004 may retire with City-subsidized coverage after the later of 15 years of service and attainment of age 55.

Prior to Medicare eligibility, retirees can remain in a high-deductible health plan (HDHP) with a $5,000 deductible. Effective January 1, 2018, the City no longer makes contributions to the HSA account for retirees.

Retirees over the age of 65 are offered coverage in one of two fully-insured Medicare Supplement plans (“High Option” and “Low Option”) issued by United American.

Participating retirees must make monthly contributions. The contribution rates are set by the City, and generally change on each January 1. The retiree’s contribution rate for the HDHP depends on the dependents covered. The retiree’s contribution rate may also vary based on the number of years of service at retirement, depending on the date of retirement. The Medicare Supplement policies are funded by both City and retiree contributions.

Employees covered by benefit terms

At September 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	332
Inactive employees entitled to but not yet receiving benefits	-
Active employees	1,061
	1,393

Total OPEB Liability

The City's total OPEB liability of $38,874,989 was measured as of September 30, 2021 and was determined by an actuarial valuation as of September 30, 2021.

Actuarial assumptions and other inputs

The total OPEB liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	3.0%, average, including inflation
Discount rate	2.19%
Prior year discount rate	2.41%
Healthcare cost trend rates - pre-65	6.50% for 2021, decreasing annually, to an ultimate rate of 4.04% for 2076 and later years
Healthcare cost trend rates - post-65	No increases are assumed
Retirees' share of benefit-related costs	Future contributions for pre-65 retirees are assumed to increase 3.12% in the first year and at the same rate as medical trend thereafter.

The discount rate of 2.19% was based on the September 30, 2021 Fidelity General Obligation AA 20-Year Yield. The prior year discount rate was 2.41%, based on the Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 tables for general employees and PubS.H-2010 tables for public safety, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Mortality rates for retirees were based on the PubG.H-2010 tables for general employees and PubS.H-2010 tables for public safety, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of 10/01/20	$ 35,865,706
Changes for the year	
Service cost	1,005,581
Interest	866,914
Differences between expected and actual experience	1,666,631
Changes in assumptions/inputs	1,171,007
Benefit payments	(1,700,850)
Net changes	3,009,283
Balance at 9/30/21	$ 38,874,989

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.19%) or 1-percentage-point higher (3.19%) than the current discount rate:

1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
$ 42,809,139	$ 38,874,989	$ 35,419,707

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Healthcare Cost Trend	1% Increase
$ 34,833,116	$ 38,874,989	$ 43,599,777

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of $2,694,396. At September 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 1,111,087	$ 2,782,293
Changes in assumptions	3,438,986	-
	$ 4,550,073	$ 2,782,293

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2022	$ 821,901
2023	945,879
Total	$ 1,767,780

Allocation of OPEB Items

The City allocates OPEB items between governmental activities and business-type activities on the basis of employee payroll funding. For the governmental activities, the total OPEB liability is liquidated by the general fund. For the business type activities, the total OPEB liability is liquidated by the airport fund, water and sewer fund, drainage utility district fund, municipal airport fund, and municipal golf course fund.

Note 13: Commitments and Contingent Liabilities

Encumbrances

As discussed in *Note 1*, Summary of Significant Accounting Polices - Encumbrances, encumbrances are commitments related to underperformed contracts for goods or services (*i.e.,* purchase orders). At year end, the encumbrances expected to be honored upon performance by the vendor in the next year are as follows:

Fund/Program	Encumbrance
General	$ 118,865
4B	528,067
Hotel Occupancy Tax	250
Confiscated - State	97,063
Confiscated - Federal	234,005
Community Development Block Grant	4,537
Grants	324,008
CARES Act Funding	10,356
Citizen Contribution 50/50 Program	11,106
TIRZ 2 Town Centre	713,850
Local Finance	551,430
Bond Finance	12,495,118
Water/Sewer	14,456,584
Drainage Utility District	767,310
General Liability	2,839
	$ 30,315,388

Pending Litigation

Various lawsuits pending against the City involve claims relating to general liability, automobile liability, workers' compensation, civil rights action, and various contractual matters. In the opinion of the City's management, the outcome of the pending litigation will not have a material adverse effect on the City's financial position or operations.

Arbitrage Rebate Requirements

The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the City. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds and (b) any income earned on the excess described in (a) is required to be rebated to the United States Treasury, in order for the interest on the bonds to be excluded from federal taxation. Regulations implementing the rebate requirement were released by the Internal Revenue Service on May 12, 1989. Rebatable arbitrage is computed as of each installment computation date. The last computation date for the City was performed for financial information as of July 12, 2021. No rebate liability was due to the federal government. Information for the next computation period is due in April of 2022. Management does not anticipate there will be a material liability once the computation is completed.

Grant Audit

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant to the City's financial statements.

Conduit Debt Obligations

From time to time, various legally separate component units of the City have issued bonded debt obligations to provide financial assistance to private-sector entities. The bonds were issued to acquire and construct medical and health facilities (Mesquite Health Facilities Corporation). The bonds are secured by the property financed and are payable solely from payments received on the underlying debt obligations. Upon repayment of the bonds, ownership of the acquired capital assets transfers to the private-sector entity served by the bond issuance. Even though some of the bonds are outstanding, there is no liability to the City or the component unit (no commitment debt), as all liability transfers to the trustee of the bond issue. A summary of outstanding conduit debt by component unit at September 30, 2021, is as follows.

Series	Mesquite Health Facilities Corporation
2014	$ 29,485,000
2016	21,315,000
Total	$ 50,800,000

Contingent Liability for Service Agreement

The City entered into separate agreements with the North Texas Municipal Water District (the "District") and Kingsborough Municipal Utility District Nos. 1, 2, 3, 4, and 5 (the MUDs) to provide sewer service within the City's extraterritorial jurisdiction. As a member city of the District, the City's involvement was required to develop capacity for a wastewater service requirement of 13.1 million gallons per day to service the area. The District has agreed to construct and operate a project known as the Lower East Fork Sewer Interceptor System and obtained financing on August 24, 2006 in the amount of $19,190,000. The City's share of the debt service payments on the project is $105,584 per month over 20 years and is being passed through to the MUDs. The City is not liable for this debt. As additional security for the payments due the City, the MUDs agreed to establish, levy, and collect an ad valorem tax on all taxable property within the MUDs.

Note 14: Fund Balances

Minimum Fund Balance Policy

The City Council has adopted a financial policy to maintain a minimum level of unassigned fund balance in the general fund. The target level is set at 60 days of general fund budgeted annual revenues (working capital.) This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. Per the policy, the City acknowledges that initially, the General Fund may not meet the requirements for the working capital days but will be considered compliant as long as the financial position shows continuous improvement each fiscal year.

Details of the Governmental Funds fund balances as of year-end are as follows:

Description	General Fund	Local Finance	Bond Finance	Debt Service	Other Grants	Nonmajor Governmental Funds	Total Governmental Funds
NONSPENDABLE							
Prepaids	$ 159,789	$ -	$ -	$ -	$ -	$ -	$ 159,789
Inventory	1,022,919	-	-	-	-	-	1,022,919
Long-term note receivable	804,560	-	-	-	-	-	804,560
Total Nonspendable	**1,987,268**	**-**	**-**	**-**	**-**	**-**	**1,987,268**
RESTRICTED							
Debt service	-	-	-	1,413,686	-	-	1,413,686
Housing and community services	-	-	-	-	188,908	2,197,680	2,386,588
Other grant programs	-	-	-	-	1,364,866	-	1,364,866
4B sales tax projects	-	-	-	-	-	6,164,828	6,164,828
Promotion of tourism	-	-	-	-	-	2,095,053	2,095,053
Law enforcement	-	-	-	-	-	2,011,122	2,011,122
Capital projects	-	-	39,334,864	-	-	-	39,334,864
Community access projects	-	-	-	-	-	640,929	640,929
Road surface repairs	-	1,019,073	-	-	-	-	1,019,073
Tax Increment Financing Districts	-	4,086,929	-	-	-	-	4,086,929
Public Improvement Districts	-	8,736,832	-	-	-	-	8,736,832
Hike and Bike Trail	-	41,552	-	-	-	-	41,552
Developer's deposits	-	1,595,454	-	-	-	-	1,595,454
Capital replacement	-	451,725	-	-	-	-	451,725
Citizen 50/50 plan and parks improvement	-	-	-	-	-	162,814	162,814
Local finance capital projects	-	395,270	-	-	-	-	395,270
Total Restricted	**-**	**16,326,835**	**39,334,864**	**1,413,686**	**1,553,774**	**13,272,426**	**71,901,585**
ASSIGNED							
Other general government	118,818	-	-	-	-	-	118,818
Other local finance capital projects	-	10,695,304	-	-	-	-	10,695,304
Public safety capital projects	-	169,506	-	-	-	-	169,506
Other special revenue	-	-	-	-	-	676,279	676,279
Total Assigned	**118,818**	**10,864,810**	**-**	**-**	**-**	**676,279**	**11,659,907**
UNASSIGNED	**25,913,709**	**-**	**-**	**-**		**-**	**25,913,709**
TOTAL FUND BALANCES	**$ 28,019,795**	**$ 27,191,645**	**$ 39,334,864**	**$ 1,413,686**	**$ 1,553,774**	**$ 13,948,705**	**$ 111,462,469**

Note 15: Tax Abatement Disclosures

The City of Mesquite enters into sales tax and property tax abatement agreements with desired businesses under the authority of Chapter 380 of the Texas Local Government Code. These businesses may be manufacturing, office, retail, commercial, or mixed-use projects. The agreements allow the City to refund a portion of property taxes and sales taxes paid, issue incentive payments, and/or reduce fees. The offer of an incentive is tied to an analysis of the impact on community services and to the goals of the community as established by the Mesquite City Council. The City Council has final authority on the implementation of City business incentives.

The City will consider an application for an economic development incentive for any project that would attract new business or industry to the City and/or for any project involving the expansion, modernization, and/or retention of an existing business. However, the City will not grant an incentive unless it will benefit the City and will accomplish the public purpose of promoting local economic development and stimulating business and commercial activity in the City. In the event of default on an agreement, the City does include a clawback provision in the contract.

For the fiscal year ended September 30, 2021, the City of Mesquite had thirteen economic development agreements that included sales and/or property tax abatement provisions. In total, $104,975 in sales tax and $832,091 in property tax was abated.

In addition to tax abatements, the City occasionally makes additional commitments in its economic development incentive agreements. The following additional commitments have been made:

- The City has agreed to construct a water line and reimburse roadway impact fees for a project consisting of three industrial buildings totaling 555,000 square feet and valued at $30 million.
- Through its continuing effort to revitalize Downtown Mesquite, the City has agreed to refurbish an existing building to accommodate a popular restaurant in order to enhance foot traffic in the area.

Note 16: Merged Entity

In October 2020, the members of the Markout Water Supply Corporation (Markout), a Texas non-profit water supply corporation, voted to transfer the Markout Water Supply System and the Markout customers to the City. Markout paid out all existing liabilities before the merger and any remaining cash was returned to its members. The transaction has been reported as a government merger under the provisions of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, which requires the merger date to be the beginning of the reporting period in which the combination occurred with recognition as of the that same date. In accordance with GASB 69, beginning net position is to be restated to recognize the merger. The amounts recognized as of October 1, 2020 are as follows:

ASSETS:	
Capital assets-	
Land	$ 48,000
Other capital assets (net of accumulated depreciation)	2,921,771
Total capital assets	2,969,771
Total Assets	2,969,771
NET POSITION:	
Net investment in capital assets	2,969,771
Total Net Position	$ 2,969,771

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Required Supplementary Information (Unaudited)

City of Mesquite, Texas

Schedule of Changes in Net Pension Liability and Related Ratios

Texas Municipal Retirement System (TMRS)

Measurement Date December 31,	2014	2015	2016	2017
Total pension liability:				
Service cost	$ 10,206,837	$ 11,282,680	$ 11,607,011	$ 15,375,279
Interest (on the Total Pension Liability)	32,088,206	33,164,585	33,628,738	35,019,294
Difference between expected and actual experience	(5,189,415)	(721,632)	(265,481)	(3,377,576)
Change in assumptions	-	3,677,030	-	-
Benefit payments, including refunds of employee contributions	(21,934,850)	(22,598,587)	(23,683,590)	(28,823,538)
Net change in total pension liability	15,170,778	24,804,076	21,286,678	18,193,459
Total pension liability - beginning	464,266,956	479,437,734	504,241,810	525,528,488
Total pension liability - ending	479,437,734	504,241,810	525,528,488	543,721,947
Plan fiduciary net position:				
Contributions - employer	6,999,796	7,390,890	7,083,990	8,804,273
Contributions - employee	4,533,599	4,872,185	4,819,479	5,010,566
Net investment income	21,993,586	584,061	26,059,766	55,376,389
Benefit payments, including refunds of employee contributions	(21,934,850)	(22,598,587)	(23,683,590)	(28,823,538)
Administrative expense	(229,654)	(355,783)	(294,412)	(287,093)
Other	(18,881)	(17,572)	(15,862)	(14,550)
Net change in plan fiduciary net position	11,343,596	(10,124,806)	13,969,371	40,066,047
Plan fiduciary net position - beginning	384,514,157	395,857,753	385,732,947	399,702,318
Plan fiduciary net position - ending	395,857,753	385,732,947	399,702,318	439,768,365
Net pension liability - ending	$ 83,579,981	$ 118,508,863	$ 125,826,170	$ 103,953,582
Plan fiduciary net position as a percentage of total pension liability	82.57%	76.50%	76.06%	80.88%
Covered payroll	$ 64,709,631	$ 69,261,386	$ 68,843,479	$ 71,579,511
Net pension liability as a percentage of covered payroll	129.16%	171.10%	182.77%	145.23%

Other Information:

For the 2015 valuation, inflation used was 2.5%, investment rate of return and discount rate used was 6.75% and actuarial studies were updated through December 31, 2014.

For the 2019 valuation actuarial studies were updated through December 31, 2018.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date (December 31).

City of Mesquite, Texas

Schedule of Changes in Net Pension Liability and Related Ratios (continued)

Texas Municipal Retirement System (TMRS)

2018	2019	2020
$ 12,586,575	$ 12,997,794	$ 13,645,453
36,211,912	37,502,061	39,075,390
(2,963,966)	572,628	(1,726,074)
-	276,896	-
(27,084,928)	(26,768,688)	(29,960,583)
18,749,593	24,580,691	21,034,186
543,721,947	562,471,540	587,052,231
562,471,540	587,052,231	608,086,417
10,072,245	12,712,890	15,701,042
5,222,645	5,390,080	5,559,847
(13,163,050)	64,021,550	35,598,854
(27,084,928)	(26,768,688)	(29,960,583)
(254,593)	(362,128)	(230,619)
(13,301)	(10,878)	(8,998)
(25,220,982)	54,982,826	26,659,543
439,768,365	414,547,383	469,530,209
414,547,383	469,530,209	496,189,752
$ 147,924,157	$ 117,522,022	$ 111,896,665
73.70%	79.98%	81.60%
$ 74,609,215	$ 77,001,149	$ 79,426,386
198.27%	152.62%	140.88%

City of Mesquite, Texas
Schedule of Employer Contributions
Texas Municipal Retirement System (TMRS)

Fiscal Year Ended September 30,	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	$ 7,094,555	$ 7,128,122	$ 8,324,268	$ 9,712,228	$ 11,983,043	$ 13,357,350	$ 14,936,043
Contribution in relation of the actuarially determined contribution	7,094,555	7,128,122	8,324,268	9,712,228	11,983,043	13,357,350	16,936,043
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,000,000)
Covered payroll	$ 66,484,370	$ 68,679,246	$ 70,725,844	$ 73,676,746	$ 76,307,643	$ 86,871,793	$ 85,188,559
Contributions as a percentage of covered payroll	10.67%	10.38%	11.77%	13.18%	15.70%	15.38%	19.88%

Notes to Schedule of Contributions

Valuation Date:	
Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information:	
Notes	Granted 50% ad hoc COLA

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's most recent fiscal year-end (September 30).

City of Mesquite, Texas

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Retiree Health

Measurement Date December 31,	2018	2019	2020	2021
Total OPEB liability:				
Service cost	$ 748,034	$ 770,475	$ 909,005	$ 1,005,581
Interest (on the Total OPEB Liability)	1,349,945	969,513	896,300	866,914
Difference between expected and actual experience	(674,886)	(2,617,929)	(5,978,499)	1,666,631
Change in assumptions	-	4,251,618	4,786,230	1,171,007
Benefit payments	(1,906,839)	(928,850)	(2,160,396)	(1,700,850)
Net change in total OPEB liability	(483,746)	2,444,827	(1,547,360)	3,009,283
Total OPEB liability - beginning	35,451,985	34,968,239	37,413,066	35,865,706
Total OPEB liability - ending	$ 34,968,239	$ 37,413,066	$ 35,865,706	$ 38,874,989
Covered employee payroll	$ 64,280,893	$ 66,209,320	$ 67,962,447	$ 70,001,320
Total OPEB liability as a percentage of covered-employee payroll	54.40%	56.51%	52.77%	55.53%

Notes to Schedule:

Changes of Benefit Terms: None

Changes of Assumptions: 1) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.83%
2019	2.75%
2020	2.41%
2021	2.19%

2) The following are the Mortality Rates used in each period:

2018	RPH-2014 Blue Collar with static projection to 2048 using scale MP-2018
2019	PubG.H-2010 (general) and PubS.H-2010 (public safety) Employee and Healthy Annuitant Generational with MP-2019
2020	PubG.H-2010 (general) and PubS.H-2010 (public safety) Employee and Healthy Retiree Generational with MP-2020
2021	PubG.H-2010 (general) and PubS.H-2010 (public safety) Employee and Healthy Retiree Generational with MP-2021

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date (September 30).

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Combining and Individual Fund Statements and Schedules (Unaudited)

City of Mesquite, Texas
Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are a governmental fund type used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes.

Individual nonmajor special revenue funds maintained are as follows:

- Hotel/Motel Tax Fund - to account for funds received from a tax on the cost of occupancy in area hotels and motels, the revenues of which may be expended to promote tourism and the convention and hotel industry.
- Confiscated Drug Fund - to account for funds awarded as a result of court forfeitures of contraband pursuant to Chapter 59 of the Texas Code of Criminal Procedure. The law provides for a special fund to be established and to be used solely for law enforcement purposes.
- Mesquite Quality of Life Corporation (4B Sales Tax) Fund - to account for funds received from a one-half of one percent general sales tax, which can be utilized for public safety, transportation or parks and recreation purposes.
- Other Special Revenue Funds - to account for other miscellaneous nonmajor special revenue activities including 9-1-1 emergency service, court technology, recreation user programs, and donation accounts.
- The Housing Grants special revenue fund is used to account for funds awarded the City by the United States Department of Housing and Urban Development (HUD) under their housing assistance program (HAP).

City of Mesquite, Texas
Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2021

	Hotel/Motel Tax	Confiscated Drug	Mesquite Quality of Life Corporation (4B Sales Tax)	Other Special Revenue	Housing Grants	Total Nonmajor Governmental Funds
ASSETS:						
Pooled cash and investments	$ 2,157,773	$ 2,011,874	$ 3,978,576	$ 1,520,236	$ 2,217,710	$ 11,886,169
Receivables (net of allowance for uncollectibles):						
Accounts receivable	-	83,988	-	77,207	151,885	313,080
Other taxes receivable	-	-	-	54,497	-	54,497
Intergovernmental	-	-	4,588,832	-	-	4,588,832
Accrued interest	408	576	581	287	366	2,218
Total Assets	$ 2,158,181	$ 2,096,438	$ 8,567,989	$ 1,652,227	$ 2,369,961	$ 16,844,796
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	$ 63,128	$ 119,498	$ 80,126	$ 23,741	$ 51,655	$ 338,148
Retainage payable	-	-	30,613	13,482	-	44,095
Due to other funds	-	-	-	69,541	-	69,541
Total Liabilities	63,128	119,498	110,739	106,764	51,655	451,784
Deferred Inflows of Resources						
Unavailable revenue	-	-	2,292,422	-	151,885	2,444,307
Fund Balances:						
Restricted	2,095,053	1,976,940	6,164,828	869,184	2,166,421	13,272,426
Assigned	-	-	-	676,279	-	676,279
Total Fund Balances	2,095,053	1,976,940	6,164,828	1,545,463	2,166,421	13,948,705
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,158,181	$ 2,096,438	$ 8,567,989	$ 1,652,227	$ 2,369,961	$ 16,844,796

City of Mesquite, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds

Year Ended September 30, 2021

	Hotel/Motel Tax	Confiscated Drug	Mesquite Quality of Life Corporation (4B Sales Tax)	Other Special Revenue	Housing Grants	Total Nonmajor Governmental Funds
REVENUES:						
Sales tax	$ 1,559,463	$ -	$ 12,814,008	$ 221,336	$ -	$ 14,594,807
Fines and forfeitures	-	786,945	-	243,676	-	1,030,621
Investment income	2,292	2,976	2,974	1,280	704	10,226
Charges for services	-	-	-	1,006,954	-	1,006,954
Intergovernmental	-	-	59,063	-	16,071,266	16,130,329
Contributions and donations	-	-	77,290	320,958	-	398,248
Other revenues	-	-	-	-	213,814	213,814
Total Revenues	1,561,755	789,921	12,953,335	1,794,204	16,285,784	33,384,999
EXPENDITURES:						
Current-						
General government	1,085,019	-	300,000	465,006	-	1,850,025
Fire services	-	-	50,856	2,498	-	53,354
Police services	-	630,511	-	221,383	-	851,894
Public works	-	-	47,969	99,031	-	147,000
Planning and community development	189,640	-	-	-	-	189,640
Library services	-	-	-	9,144	-	9,144
Parks and recreation	-	-	6,785,621	96	-	6,785,717
Housing and community services	-	-	-	32,320	15,984,608	16,016,928
Capital outlay	-	42,457	813,935	30,772	-	887,164
Total Expenditures	1,274,659	672,968	7,998,381	860,250	15,984,608	26,790,866
EXCESS OF REVENUES OVER EXPENDITURES	287,096	116,953	4,954,954	933,954	301,176	6,594,133
OTHER FINANCING USES:						
Transfers out	(577,600)	-	(1,375,910)	(1,005,000)	-	(2,958,510)
Total Other Financing Uses	(577,600)	-	(1,375,910)	(1,005,000)	-	(2,958,510)
NET CHANGE IN FUND BALANCES	(290,504)	116,953	3,579,044	(71,046)	301,176	3,635,623
FUND BALANCES, BEGINNING, AS PREVIOUSLY REPORTED	2,385,557	1,859,987	2,585,784	2,264,558	1,865,245	10,961,131
Change in accounting principle *(see note 1)*	-	-	-	(648,049)	-	(648,049)
FUND BALANCES, BEGINNING, AS RESTATED	2,385,557	1,859,987	2,585,784	1,616,509	1,865,245	10,313,082
FUND BALANCES, ENDING	$ 2,095,053	$ 1,976,940	$ 6,164,828	$ 1,545,463	$ 2,166,421	$ 13,948,705

City of Mesquite, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hotel/Motel Tax Special Revenue Fund

Year Ended September 30, 2021

With Comparative Actual Totals for Year Ended September 30, 2020

	2021				2020
	Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget	Actual Amounts
REVENUES:					
Hotel/Motel Sales Tax	$ 1,040,000	$ 1,330,000	$ 1,559,463	$ 229,463	$ 1,442,101
Investment income	28,000	6,000	2,292	(3,708)	31,500
TOTAL REVENUES	1,068,000	1,336,000	1,561,755	225,755	1,473,601
EXPENDITURES:					
Current					
General government	929,710	1,159,430	1,085,019	(74,411)	1,292,181
Planning and community development	138,290	176,570	189,640	13,070	177,336
TOTAL EXPENDITURES	1,068,000	1,336,000	1,274,659	(61,341)	1,469,517
EXCESS OF REVENUES OVER EXPENDITURES	-	-	287,096	164,414	4,084
OTHER FINANCING USES:					
Transfers out	-	(577,600)	(577,600)	-	-
TOTAL OTHER FINANCING USES	-	(577,600)	(577,600)	-	-
NET CHANGE IN FUND BALANCE	$ -	$ (577,600)	(290,504)	$ 164,414	4,084
FUND BALANCE AT BEGINNING OF YEAR			2,385,557		2,381,473
FUND BALANCE AT END OF YEAR			$ 2,095,053		$ 2,385,557

City of Mesquite, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Confiscated Drug Special Revenue Fund

Year Ended September 30, 2021

With Comparative Actual Totals for Year Ended September 30, 2020

	2021				2020
	Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget	Actual Amounts
REVENUES:					
Fines and forfeitures	$ 100,000	$ 200,000	$ 786,945	$ 586,945	$ 1,234,649
Investment income	25,000	7,500	2,976	(4,524)	24,910
TOTAL REVENUES	125,000	207,500	789,921	582,421	1,259,559
EXPENDITURES:					
Police services	309,300	773,607	630,511	143,096	319,856
Capital outlay	-	634,794	42,457	592,337	196,519
TOTAL EXPENDITURES	309,300	1,408,401	672,968	735,433	516,375
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(184,300)	(1,200,901)	116,953	1,317,854	743,184
NET CHANGE IN FUND BALANCE	$ (184,300)	$ (1,200,901)	116,953	$ 1,317,854	743,184
FUND BALANCE AT BEGINNING OF YEAR			1,859,987		1,116,803
FUND BALANCE AT END OF YEAR			$ 1,976,940		$ 1,859,987

City of Mesquite, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Mesquite Quality of Life Corporation (4B Sales Tax)

Special Revenue Fund

Year Ended September 30, 2021

With Comparative Actual Totals for Year Ended September 30, 2020

	2021				2020
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES:					
Sales tax	$ 10,994,700	$ 10,994,700	$ 12,814,008	$ 1,819,308	$ 11,322,979
Investment income	35,000	5,000	2,974	(2,026)	11,023
Intergovernmental	142,000	2,351,484	59,063	(2,292,421)	161,900
Contributions and donations	-	78,258	77,290	(968)	289,828
Other revenues	103,000	193,000	-	(193,000)	1,518,859
TOTAL REVENUES	11,274,700	13,622,442	12,953,335	(669,107)	13,304,589
EXPENDITURES:					
Current-					
General government	300,000	300,000	300,000	-	-
Fire services	-	-	50,856	(50,856)	-
Public works	-	-	47,969	(47,969)	-
Parks and recreation	8,622,000	11,131,907	6,785,621	4,346,286	8,037,886
Capital outlay	604,000	2,004,999	813,935	1,191,064	4,131,327
TOTAL EXPENDITURES	9,526,000	13,436,906	7,998,381	5,438,525	12,169,213
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,748,700	185,536	4,954,954	4,769,418	1,135,376
OTHER FINANCING USES:					
Transfers Out	(1,375,910)	(1,375,910)	(1,375,910)	-	(1,452,100)
TOTAL OTHER FINANCING USES	(1,375,910)	(1,375,910)	(1,375,910)	-	(1,452,100)
NET CHANGE IN FUND BALANCE	$ 372,790	$ (1,190,374)	3,579,044	$ 4,769,418	(316,724)
FUND BALANCE AT BEGINNING OF YEAR			2,585,784		2,902,508
FUND BALANCE AT END OF YEAR			$ 6,164,828		$ 2,585,784

City of Mesquite, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Housing Grants Special Revenue Fund

Year Ended September 30, 2021

With Comparative Actual Totals for Year Ended September 30, 2020

	2021				
	Budgeted Amounts				2020
	Original	Final	Actual Amounts	Variance with Final Budget	Actual Amounts
REVENUES:					
Investment income	$ 19,000	$ 5,500	$ 704	$ (4,796)	$ 11,975
Intergovernmental	15,553,000	16,203,000	16,071,266	(131,734)	15,495,491
Other revenues	-	-	213,814	213,814	124,094
TOTAL REVENUES	15,572,000	16,208,500	16,285,784	77,284	15,631,560
EXPENDITURES:					
Housing and community services	15,738,260	16,691,304	15,984,608	706,696	15,053,733
TOTAL EXPENDITURES	15,738,260	16,691,304	15,984,608	706,696	15,053,733
NET CHANGE IN FUND BALANCE	$ (166,260)	$ (482,804)	301,176	$ 783,980	577,827
FUND BALANCE AT BEGINNING OF YEAR			1,865,245		1,287,418
FUND BALANCE AT END OF YEAR			$ 2,166,421		$ 1,865,245

City of Mesquite, Texas
Nonmajor Enterprise Funds

Enterprise Funds

Enterprise funds are a proprietary fund type used to account for activities that involve business-like interactions. Enterprise fund are used to account for any activity for which external users are charged a fee for goods and services.

The following are the City's two nonmajor enterprise funds:

- Municipal Airport Fund - to account for funds generated by the aeronautical activities at the airport such as fuel sales, hanger rentals, leases, and other activities. The airport operates as a general aviation reliever airport for the Dallas-Ft. Worth system mainly serving corporate and general aviation activities.
- Municipal Golf Course Fund - to account for funds received from user fees for the golf course, pro shop, and concessions. The City owns and operates the 154-acre, 18-hole public facility.

City of Mesquite, Texas
Combining Statement of Net Position – Nonmajor Enterprise Funds
September 30, 2021

	Municipal Airport	Municipal Golf Course	Total Nonmajor Enterprise Funds
ASSETS:			
Current assets:			
Pooled cash and investments	$ 484,622	$ 65,857	$ 550,479
Receivables (net of allowance for uncollectibles)	57,727	28,589	86,316
Inventory	32,319	7,001	39,320
Accrued interest	71	10	81
Total current assets	574,739	101,457	676,196
Noncurrent assets:			
Capital assets-			
Land and construction in progress	7,951,796	1,408,432	9,360,228
Other capital assets (net of accumulated depreciation)	7,628,585	1,677,963	9,306,548
Total noncurrent assets	15,580,381	3,086,395	18,666,776
Total Assets	16,155,120	3,187,852	19,342,972
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension contributions	55,513	55,513	111,026
Difference in expected and actual experience - OPEB	5,555	5,555	11,110
Difference in assumption changes - pension	816	816	1,632
Difference in assumption changes - OPEB	17,195	17,195	34,390
Difference in projected and actual earnings on pension assets	1,687	1,687	3,374
Change in proportional share - pension	6,336	106,387	112,723
Total deferred outflows of resources	87,102	187,153	274,255
LIABILITIES:			
Current liabilities:			
Accounts payable	36,744	90,287	127,031
Due to other funds	150,000	-	150,000
Deposits and other liabilities	52,249	-	52,249
Total other postemployment benefit liability	7,983	7,983	15,966
Total current liabilities	246,976	98,270	345,246
Noncurrent liabilities:			
Accrued compensated absences	15,754	129,023	144,777
Total other postemployment benefit liability	186,393	186,393	372,786
Net pension liability	559,482	559,483	1,118,965
Total noncurrent liabilities	761,629	874,899	1,636,528
Total Liabilities	1,008,605	973,169	1,981,774
DEFERRED INFLOWS OF RESOURCES:			
Difference in expected and actual experience - pension	16,382	16,382	32,764
Difference in expected and actual experience - OPEB	13,911	13,911	27,822
Change in proportional share - pension	508	-	508
Difference in investment earnings - pension	66,443	66,443	132,886
Total deferred inflows of resources	97,244	96,736	193,980
NET POSITION:			
Net investment in capital assets	15,580,381	3,086,395	18,666,776
Unrestricted	(444,008)	(781,295)	(1,225,303)
Total Net Position	$ 15,136,373	$ 2,305,100	$ 17,441,473

City of Mesquite, Texas

Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds

Year Ended September 30, 2021

	Municipal Airport	Municipal Golf Course	Total Nonmajor Enterprise Funds
Operating revenues:			
Customer charges	$ 2,286,689	$ 1,235,309	$ 3,521,998
Total operating revenues	2,286,689	1,235,309	3,521,998
Operating expenses:			
Personnel services	586,637	938,846	1,525,483
Supplies	847,901	115,373	963,274
Contractual services	367,257	271,102	638,359
Depreciation	458,724	195,065	653,789
Total operating expenses	2,260,519	1,520,386	3,780,905
Operating income (loss)	26,170	(285,077)	(258,907)
Nonoperating revenues:			
Investment income	112	77	189
Other nonoperating income	89,264	-	89,264
Total nonoperating revenues	89,376	77	89,453
Income (loss) before transfers	115,546	(285,000)	(169,454)
Transfers in	-	50,000	50,000
Transfers out	(199,810)	-	(199,810)
Change in net position	(84,264)	(235,000)	(319,264)
Total net position - beginning of year	15,220,637	2,540,100	17,760,737
Total net position - ending	$ 15,136,373	$ 2,305,100	$ 17,441,473

City of Mesquite, Texas
Combining Statement of Cash Flows – Nonmajor Enterprise Funds
Year Ended September 30, 2021

	Municipal Airport	Municipal Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	$ 2,287,626	$ 1,237,282	$ 3,524,908
Payments to suppliers and service providers	(1,273,923)	(496,089)	(1,770,012)
Payments to employees for salaries and benefits	(605,385)	(726,388)	(1,331,773)
Net cash provided by operating activities	408,318	14,805	423,123
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	(199,810)	-	(199,810)
Transfers from other funds	-	50,000	50,000
Operating grants	89,264	-	89,264
Net cash provided by (used for) noncapital financing activities	(110,546)	50,000	(60,546)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(8,846)	-	(8,846)
Net cash used for capital and related financing activities	(8,846)	-	(8,846)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	211	67	278
Net cash provided by investing activities	211	67	278
NET INCREASE IN POOLED CASH AND CASH EQUIVALENTS	289,137	64,872	354,009
POOLED CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	195,485	985	196,470
POOLED CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 484,622	$ 65,857	$ 550,479
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 26,170	$ (285,077)	$ (258,907)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	458,724	195,065	653,789
Changes in operating assets and liabilities:			
Receivables, net	(5,546)	1,973	(3,573)
Inventories (supplies)	2,527	1,097	3,624
Deferred outflows of resources - pension	1,167	139,462	140,629
Deferred outflows of resources - OPEB	3,833	3,833	7,666
Accounts payable and accrued liabilities	(54,139)	(88,813)	(142,952)
Customer deposits	6,483	-	6,483
Deferred inflows of resources - pension	(12,219)	66,606	54,387
Deferred inflows of resources - OPEB	(13,912)	(13,912)	(27,824)
Compensated absences	8,311	7,652	15,963
Pension liability	(28,128)	(28,128)	(56,256)
OPEB liability	15,047	15,047	30,094
Total adjustments	382,148	299,882	682,030
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 408,318	$ 14,805	$ 423,123

Internal Service Funds

Internal Service funds account for the financing of goods or services provided by one department to another.

The following are the City's two internal service funds.

- Group Medical Insurance Fund - to account for the City's medical insurance plans offered to City employees in various departments and retirees.
- General Liability Insurance Fund - to account for the City's general liability insurance and workers compensation insurance costs that cover employees in various departments as well as City assets.

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City of Mesquite, Texas

Combining Statement of Net Position (Deficit) – Internal Service Funds

September 30, 2021

With Comparative Totals for September 30, 2020

	Group Medical Insurance	General Liability	Totals 2021	Totals 2020
ASSETS:				
Current assets:				
Pooled cash and investments	$ 2,007,232	$ 2,958,792	$ 4,966,024	$ 2,521,307
Accounts receivable	73,375	206,909	280,284	244,656
Prepaids and other assets	8,172	180,000	188,172	214,091
Accrued interest	-	300	300	1,201
Total Assets	2,088,779	3,346,001	5,434,780	2,981,255
LIABILITIES:				
Current liabilities:				
Accounts payable	575,545	198,775	774,320	614,464
Estimated claims payable	1,513,234	1,049,075	2,562,309	2,012,305
Unearned revenue	-	-	-	81,384
Due to other funds	-	-	-	631,504
Total current liabilities	2,088,779	1,247,850	3,336,629	3,339,657
Noncurrent liabilities:				
Estimated claims payable	-	2,098,151	2,098,151	1,813,182
Total noncurrent liabilities	-	2,098,151	2,098,151	1,813,182
Total Liabilities	2,088,779	3,346,001	5,434,780	5,152,839
NET POSITION (DEFICIT):				
Unrestricted	-	-	-	(2,171,584)
Total Net Position (Deficit)	$ -	$ -	$ -	$ (2,171,584)

City of Mesquite, Texas

Combining Statement of Revenues, Expenses, and Changes in Net Position (Deficit) – Internal Service Funds

Year Ended September 30, 2021

With Comparative Totals for Year Ended September 30, 2020

	Group Medical Insurance	General Liability	Totals 2021	Totals 2020
Operating revenues:				
Contributions - City				
Medical insurance	$ 11,854,957	$ -	$ 11,854,957	$ 11,413,570
Life and dental insurance	1,635,490	-	1,635,490	1,619,888
General liability	-	1,501,150	1,501,150	1,405,000
Workers' compensation	-	1,924,960	1,924,960	1,713,400
Total contributions - City	13,490,447	3,426,110	16,916,557	16,151,858
Contributions - Other				
Employees - medical insurance	2,156,651	-	2,156,651	2,102,406
Stop loss and other contributions	1,058,365	-	1,058,365	1,013,425
Other revenues	-	168,396	168,396	248,976
Total contributions - other	3,215,016	168,396	3,383,412	3,364,807
Total operating revenues	16,705,463	3,594,506	20,299,969	19,516,665
Operating expenses:				
Claims incurred	13,890,021	2,544,049	16,434,070	13,635,475
Insurance premiums	954,379	1,123,370	2,077,749	2,028,742
Administrative fees	1,017,421	659,637	1,677,058	1,509,213
Other expenses	781,064	20,808	801,872	671,868
Total operating expenses	16,642,885	4,347,864	20,990,749	17,845,298
Operating income (loss)	62,578	(753,358)	(690,780)	1,671,367
Nonoperating revenues:				
Investment income	-	2,008	2,008	21,444
Total nonoperating revenues	-	2,008	2,008	21,444
Income (loss) before transfers	62,578	(751,350)	(688,772)	1,692,811
Transfers In	1,692,816	1,167,540	2,860,356	1,000,000
Change in net position (deficit)	1,755,394	416,190	2,171,584	2,692,811
Total net position (deficit) - beginning	(1,755,394)	(416,190)	(2,171,584)	(4,864,395)
Total net position (deficit) - ending	$ -	$ -	$ -	$ (2,171,584)

City of Mesquite, Texas

Combining Statement of Cash Flows – Internal Service Funds

Year Ended September 30, 2021

With Comparative Totals for Year Ended September 30, 2020

	Group Medical Insurance	General Liability	Totals 2021	Totals 2020
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from interfund charges for services	$ 13,490,447	$ 3,426,110	$ 16,916,557	$ 16,233,242
Other operating receipts	1,058,365	124,759	1,183,124	1,176,557
Receipts from employees and retirees	2,164,660	-	2,164,660	2,077,770
Payments to suppliers and service providers	(15,960,921)	(4,090,464)	(20,051,385)	(17,400,449)
Net cash provided by (used for) operating activities	752,551	(539,595)	212,956	2,087,120
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Repayment of advances from other funds	(631,504)	-	(631,504)	(2,581,502)
Transfers from other funds	1,692,816	1,167,540	2,860,356	1,000,000
Net cash provided by (used for) noncapital financing activities	1,061,312	1,167,540	2,228,852	(1,581,502)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	-	2,909	2,909	22,335
Net cash provided by investing activities	-	2,909	2,909	22,335
NET INCREASE IN POOLED CASH AND INVESTMENTS	1,813,863	630,854	2,444,717	527,953
POOLED CASH AND INVESTMENTS AT BEGINNING OF YEAR	193,369	2,327,938	2,521,307	1,993,354
POOLED CASH AND INVESTMENTS AT END OF YEAR	$ 2,007,232	$ 2,958,792	$ 4,966,024	$ 2,521,307
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	$ 62,578	$ (753,358)	$ (690,780)	$ 1,671,367
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities-				
Changes in assets and liabilities-				
(Increase) decrease in accounts receivable	8,009	(60,637)	(52,628)	(95,480)
(Increase) decrease in prepaid items	(38,465)	-	(38,465)	166,043
Increase (decrease) in accounts payable	312,909	(153,053)	159,856	112,525
Increase (decrease) in claims payable	407,520	427,453	834,973	151,281
Increase (decrease) in unearned revenue	-	-	-	81,384
Total adjustments	689,973	213,763	903,736	415,753
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 752,551	$ (539,595)	$ 212,956	$ 2,087,120

Fiduciary Funds – Custodial Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government.

The City reports two custodial funds.

- Tax Collection Fund - to account for ad valorem taxes collected on behalf of the Mesquite Independent School District.

- Seized Assets Fund - to account for funds seized from court cases that are held in escrow until judgment

City of Mesquite, Texas
Combining Statement of Fiduciary Net Position –
Fiduciary Funds – Custodial Funds
September 30, 2021

	Custodial Funds		
	Tax Collection	Seized Assets	Total
ASSETS:			
Pooled cash and investments	$ 411,088	$ 1,265,717	$ 1,676,805
Taxes receivable levied for other governments (net of allowance for uncollectibles)	4,623,389	-	4,623,389
Total Assets	5,034,477	1,265,717	6,300,194
LIABILITIES:			
Accounts payable	411,088	-	411,088
Due to other governments	4,623,389	-	4,623,389
Total Liabilities	$ 5,034,477	$ -	$ 5,034,477
NET POSITION:			
Restricted for individuals, organizations, other governments	-	1,265,717	1,265,717
Total Net Position	$ -	$ 1,265,717	$ 1,265,717

City of Mesquite, Texas

Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds – Custodial Funds

Year Ended September 30, 2021

	Custodial Funds		
	Tax Collection	Seized Assets	Total
ADDITIONS			
Property tax collections for other governments	$ 142,215,149	$ -	$ 142,215,149
Seizures	-	1,870,224	1,870,224
Miscellaneous	804,226	-	804,226
Total Additions	143,019,375	1,870,224	144,889,599
DEDUCTIONS			
Payments of property tax to other governments	142,215,149	-	142,215,149
Seizures forfeited or returned to defendants	-	1,922,483	1,922,483
Miscellaneous	804,226	-	804,226
Total Deductions	143,019,375	1,922,483	144,941,858
Net change in fiduciary net position	-	(52,259)	(52,259)
Net position, beginning, as previously reported	-	-	-
Change in accounting principle (*see note 1*)	-	1,317,976	1,317,976
Net position, beginning, as restated	-	1,317,976	1,317,976
Net position, ending	$ -	$ 1,265,717	$ 1,265,717

City of Mesquite, Texas
Statistical Section (Unaudited)

This part of the City of Mesquite's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Pages**

Financial Trends 102
These schedules contain trend information to help the readers understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 112
These schedules contain information to help the reader assess the City's most significant local revenue sources – sales and property tax.

Debt Capacity 123
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 128
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 130
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

City of Mesquite, Texas
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

Fiscal Year	2012	2013	2014	2015 (1)
Governmental activities:				
Net Investment in capital assets	$ 136,034	$ 130,543	$ 129,187	$ 122,230
Restricted	7,702	7,258	7,467	8,329
Unrestricted	19,458	17,885	18,704	(56,876)
Total governmental activities net position	$ 163,194	$ 155,686	$ 155,358	$ 73,683
Business-type activities:				
Net Investment in capital assets	$ 125,070	$ 127,872	$ 129,832	$ 130,785
Restricted	3,064	3,109	3,064	2,690
Unrestricted	17,090	14,328	13,494	13,008
Total business-type activities net position	$ 145,224	$ 145,309	$ 146,390	$ 146,483
Primary government:				
Net Investment in capital assets	$ 261,104	$ 258,415	$ 259,019	$ 253,015
Restricted	10,766	10,367	10,531	11,019
Unrestricted	36,548	32,213	32,198	(43,868)
Total primary government net position	$ 308,418	$ 300,995	$ 301,748	$ 220,166

Notes:

(1) The City implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27" in 2015, and beginning amounts were restated.

(2) The City implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" in 2018, and beginning amounts were restated.

Schedule 1

2016	2017	2018 (2)	2019	2020	2021
$ 119,854	$ 119,708	$ 131,473	$ 144,527	$ 160,736	$ 166,093
9,199	23,620	27,208	27,940	23,493	27,214
(65,812)	(90,141)	(128,928)	(137,491)	(130,091)	(116,672)
$ 63,241	$ 53,187	$ 29,753	$ 34,976	$ 54,138	$ 76,635
$ 131,551	$ 139,837	$ 148,215	$ 151,897	$ 158,038	$ 166,219
3,387	3,507	3,210	3,798	5,579	7,381
18,647	23,386	25,970	30,146	40,890	49,993
$ 153,585	$ 166,730	$ 177,395	$ 185,841	$ 204,507	$ 223,593
$ 251,405	$ 259,545	$ 279,688	$ 296,424	$ 318,774	$ 332,312
12,586	27,127	30,418	31,738	29,072	34,595
(47,165)	(66,755)	(102,958)	(107,345)	(89,201)	(66,679)
$ 216,826	$ 219,917	$ 207,148	$ 220,817	$ 258,645	$ 300,228

City of Mesquite, Texas
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	$ 26,028	$ 26,194	$ 24,919	$ 29,905
Fire services	25,330	25,570	26,105	26,679
Police services	31,995	32,994	32,112	32,829
Field services	14,348	13,826	9,312	9,839
Public works	3,766	4,703	8,769	10,253
Planning and community development	3,706	3,182	3,551	3,513
Housing and community services	14,900	14,206	14,487	15,005
Library services	1,942	1,905	2,015	2,074
Parks and recreation	10,475	11,368	11,004	12,732
Interest on long-term debt	5,032	4,796	3,498	3,745
Total governmental activities	137,522	138,744	135,772	146,574
Business-type activities:				
Water and sewer	37,665	41,293	42,614	45,496
Drainage utility	1,806	1,523	1,412	1,618
Municipal airport	1,922	2,319	2,235	1,981
Golf course (2)	-	-	-	-
Total business-type activities	41,393	45,135	46,261	49,095
Total primary government	$ 178,915	$ 183,879	$ 182,033	$ 195,669
Program Revenues				
Governmental activities:				
Charges for services				
Field Services	$ 7,670	$ 7,922	$ 7,527	$ 7,795
General government	6,048	6,483	6,436	7,586
Fire services	-	-	-	-
Police services	-	-	-	-
Public works	-	-	-	-
Planning and community development	4,361	4,692	5,490	5,148
Housing and community services	-	-	-	-
Library services	-	-	-	-
Parks and recreation	-	-	-	-
Other charges for services	13,178	10,833	13,316	10,312
Operating grants and contributions	14,616	13,463	13,954	13,825
Capital grants and contributions	960	480	112	409
Total governmental activities	46,833	43,873	46,835	45,075
Business-type activities:				
Charges for services:				
Water and sewer	44,231	44,859	46,795	53,559
Drainage utility	2,196	2,169	2,798	3,366
Municipal airport	1,568	1,979	1,681	1,602
Golf course (2)	-	-	-	-
Operating grants and contributions (1)	-	-	-	-
Capital grants and contributions	1,874	753	969	603
Total business-type activities	49,869	49,760	52,243	59,130
Total primary government	$ 96,702	$ 93,633	$ 99,078	$ 104,205

Schedule 2

2016	2017	2018	2019	2020	2021
$ 35,751	$ 38,015	$ 31,854	$ 30,100	$ 14,755	$ 26,234
27,167	28,820	28,918	30,502	32,319	32,329
35,089	36,382	36,952	40,496	43,434	41,849
-	-	-	-	-	-
19,722	20,007	20,675	23,490	22,681	23,275
2,991	3,294	3,532	3,301	3,817	9,543
15,425	15,981	16,942	17,962	19,934	21,826
2,064	2,168	2,264	2,157	2,358	2,469
12,252	9,805	10,481	11,400	11,938	11,713
5,093	6,081	5,711	8,892	7,222	7,817
155,554	160,553	157,329	168,300	158,458	177,055
49,822	51,545	55,859	62,786	64,605	58,935
1,876	1,829	2,196	2,832	3,457	2,734
1,900	1,997	2,018	2,018	2,054	2,261
-	943	1,582	1,529	1,520	1,520
53,598	56,314	61,655	69,165	71,636	65,450
$ 209,152	$ 216,867	$ 218,984	$ 237,465	$ 230,094	$ 242,505
$ -	$ -	$ -	$ -	$ -	$ -
7,921	7,158	4,985	7,103	2,498	1,762
-	-	-	-	2,387	3,065
-	-	-	-	2,823	4,184
-	-	-	-	14,387	14,801
6,603	7,759	8,146	3,056	2,487	2,839
-	-	-	-	251	320
-	-	-	-	29	64
-	-	-	-	756	1,541
19,412	18,668	18,400	25,070	-	-
14,052	14,995	15,899	16,414	26,236	27,901
603	1,125	4,322	5,755	7,749	6,364
48,591	49,705	51,752	57,398	59,603	62,841
59,677	63,465	67,609	69,274	73,739	70,873
3,795	3,965	3,966	4,055	4,778	4,865
1,548	1,644	1,809	1,665	1,964	2,287
-	1.037	1.089	1.025	1.009	1,235
23	67	283	53	50	89
674	1,025	3,830	982	7,676	5,873
65,717	71,203	78,586	77,054	89,216	85,222
$ 114,308	$ 120,908	$ 130,338	$ 134,452	$ 148,819	$ 148,063

(Continued Next Page)

City of Mesquite, Texas
Change in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	2012	2013	2014	2015
Net (Expenses)/Program Revenues				
Governmental activities	$ (90,689)	$ (94,871)	$ (88,937)	$ (101,499)
Business-type activities	8,476	4,625	5,982	10,035
Total primary government net expenses	$ (82,213)	$ (90,246)	$ (82,955)	$ (91,464)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Ad valorem taxes	$ 35,787	$ 35,074	$ 35,172	$ 36,710
Gross receipts taxes	7,760	7,865	8,633	8,081
Sales taxes	37,440	39,736	41,180	42,848
Investment income	145	75	67	151
Gain (loss) on sale of capital assets	109	38	85	(33)
Miscellaneous	-	-	-	-
Transfers	4,310	4,575	3,706	4,866
Total governmental activities	85,551	87,363	88,843	92,623
Business-type activities:				
Investment income	73	36	33	71
Gain (loss) on sale of capital assets	41	-	36	54
Miscellaneous	-	-	-	-
Transfers	(4,310)	(4,575)	(3,706)	(4,866)
Total business-type activities	(4,196)	(4,539)	(3,637)	(4,741)
Total primary government	$ 81,355	$ 82,824	$ 85,206	$ 87,882
Change in Net Position				
Governmental activities	$ (5,138)	$ (7,508)	$ (94)	$ (8,876)
Business-type activities	4,280	86	2,345	5,294
Total primary government	$ (858)	$ (7,422)	$ 2,251	$ (3,582)

Notes:

(1) Operating grants and contributions for business-type activities presented separately starting with fiscal year 2016.

(2) The golf course became a separate fund beginning in fiscal year 2017. It was previously included as part of parks and recreation in the governmental activities.

Schedule 2 (Continued)

2016	2017	2018	2019	2020	2021
$ (106,963)	$ (110,848)	$ (105,577)	$ (110,901)	$ (98,855)	$ (114,214)
12,119	14,889	16,931	7,890	17,580	19,772
$ (94,844)	$ (95,959)	$ (88,646)	$ (103,011)	$ (81,275)	$ (94,442)
$ 38,328	$ 44,479	$ 49,921	$ 57,413	$ 62,495	$ 64,831
7,806	7,698	7,988	7,810	7,186	7,435
44,761	45,476	45,700	46,869	47,192	53,317
392	741	1,330	2,687	1,288	143
-	257	268	549	-	4,520
-	-	-	-	-	2,411
5,235	2,143	4,537	797	(145)	4,702
96,522	100,794	109,744	116,125	118,016	137,359
179	339	799	1,344	942	84
38	60	124	14	-	-
-	-	-	-	-	963
(5,235)	(2,143)	(4,537)	(797)	145	(4,702)
(5,018)	(1,744)	(3,614)	561	1,087	(3,655)
$ 91,504	$ 99,050	$ 106,130	$ 116,686	$ 119,103	$ 133,704
$ (10,441)	$ (10,054)	$ 4,167	$ 5,224	$ 19,161	$ 23,145
7,101	13,145	13,317	8,451	18,667	16,117
$ (3,340)	$ 3,091	$ 17,484	$ 13,675	$ 37,828	$ 39,262

City of Mesquite, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

Fiscal Year	2012	2013	2014	2015
General Fund:				
Nonspendable	$ 962	$ 725	$ 775	$ 764
Assigned	50	221	300	41
Unassigned	16,026	16,460	16,076	15,897
Total General Fund	$ 17,038	$ 17,406	$ 17,151	$ 16,702
All other governmental funds:				
Nonspendable for:				
Prepaids	$ -	$ -	$ -	$ -
Cemetery trust principal	-	-	-	-
Restricted for:				
Debt Retirement	56	138	483	471
Purpose of grantors, trustees, and donors	1,844	1,836	1,865	2,192
4B Sales Tax projects	6,283	5,698	6,321	7,078
Promotion of Tourism	-	-	-	440
Law Enforcement	5,294	5,315	5,593	4,750
Capital Projects	11,056	6,862	11,659	21,253
Community Access Projects	164	400	564	738
Road Surface Repairs	97	103	159	130
Tax Increment Financing Districts	3,961	4,830	6,373	7,599
Public Improvement Districts	-	-	-	-
Hike and Bike Trail	3,603	2,755	680	454
Developer's Deposits	1,505	1,511	1,576	1,682
Capital Replacement	84	21	39	157
Other Purposes	374	376	557	574
Assigned to:				
Promotion of Tourism	52	184	253	-
Other Capital Projects	2,099	1,918	1,815	1,136
Other Purposes	194	227	287	251
Unassigned	-	-	-	-
Total of all other governmental funds	$ 36,666	$ 32,174	$ 38,224	$ 48,905

Schedule 3

2016	2017	2018	2019	2020	2021
$ 1,183	$ 1,813	$ 1,919	$ 1,926	$ 1,923	$ 1,987
90	105	98	56	226	119
17,003	18,312	18,896	20,713	25,159	25,914
$ 18,276	$ 20,230	$ 20,913	$ 22,695	$ 27,308	$ 28,020
$ -	$ -	$ 146	$ 27	$ 5	$ -
101	101	101	101	101	-
85	599	46	4	821	1,414
2,418	2,691	2,610	3,086	2,443	3,751
8,025	6,087	2,506	2,903	2,586	6,165
753	1,238	1,719	-	2,385	2,095
4,127	3,139	2,043	1,388	2,024	2,011
44,978	25,433	49,456	37,188	46,601	39,335
658	745	623	620	646	641
219	521	239	220	635	1,019
9,778	12,126	14,441	12,314	6,012	4,087
-	-	7,203	27,385	18,014	8,737
457	460	40	-	41	42
1,621	1,594	1,647	1,694	1,547	1,595
321	505	700	585	397	452
557	608	585	2,490	585	558
-	-	-	-	-	-
1,176	1,524	1,384	1,208	6,952	10,865
1,124	469	1,308	539	583	676
-	-	-	-	(77)	-
$ 76,398	$ 57,840	$ 86,797	$ 91,752	$ 92,301	$ 83,443

City of Mesquite, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

Fiscal Year	2012	2013	2014	2015
Revenues				
Taxes	$ 81,028	$ 82,740	$ 85,011	$ 87,368
Licenses and permits	1,090	1,172	1,146	1,728
Fines and forfeitures	4,522	4,925	4,126	3,226
Investment income	138	71	65	147
Charges for services	17,089	17,254	17,683	19,701
Special Assessments	-	-	-	-
Intergovernmental	14,794	13,426	13,566	13,353
Contributions and donations	779	447	374	788
Other revenues	3,219	1,595	2,656	1,338
Total revenues	122,659	121,630	124,627	127,649
Expenditures				
General government	18,845	15,294	15,387	16,285
Fire services	23,608	24,024	24,600	24,811
Police services	30,936	32,125	30,980	31,267
Field services (1)	10,967	10,771	10,121	10,191
Public works	2,711	3,089	3,203	3,244
Planning and community development	3,665	3,150	3,389	3,458
Housing services	12,406	11,722	11,540	11,585
Library services	1,927	1,876	1,931	2,022
Parks and recreation	9,614	10,408	9,425	10,717
Community services	2,252	2,290	3,226	2,347
Housing and community services	-	-	-	-
Capital outlay	7,812	10,355	8,317	9,984
Debt service - principal	6,314	6,353	6,747	7,897
Debt service - interest and bond issuance costs	5,323	5,016	4,812	5,001
Total expenditures	136,380	136,473	133,678	138,809
Deficiency of revenues under expenditures	(13,721)	(14,843)	(9,051)	(11,160)
Other financing sources (uses)				
Transfer in	19,056	19,272	17,038	17,686
Transfers out	(13,998)	(14,193)	(11,912)	(12,285)
Bond proceeds	7,235	5,450	9,715	14,835
Proceeds of refunding bonds	3,765	7,635	9,080	2,935
Premium on debt	236	539	963	1,265
Payment to refunded bond agent	(3,724)	(7,985)	(10,038)	(3,044)
Sale of general capital assets	-	-	-	-
Total other financing sources (uses)	12,570	10,718	14,846	21,392
Net change in fund balances	$ (1,151)	$ (4,125)	$ 5,795	$ 10,232
Debt service as a percentage of noncapital expenditures	9.17%	9.12%	9.34%	9.97%

Note: (1) Field services expenditures are presented with Public works expenditures starting in fiscal year 2016.

Schedule 4

2016	2017	2018	2019	2020	2021
$ 90,911	$ 97,633	$ 103,468	$ 112,214	$ 116,797	$ 125,478
2,236	2,399	2,281	2,598	3,037	3,252
3,586	3,772	3,295	4,087	4,416	3,970
388	733	1,304	2,645	1,266	141
20,926	21,302	16,672	18,605	19,736	21,270
-	-	-	-	-	2,552
14,299	15,204	19,936	18,279	27,217	26,895
313	346	1,703	1,658	1,326	803
2,421	1,537	1,730	4,139	3,232	2,952
135,080	142,926	150,389	164,225	177,027	187,313
15,330	15,316	16,737	14,463	10,568	25,226
25,631	27,573	28,082	29,529	30,725	32,542
33,267	36,907	37,060	38,551	40,842	41,906
-	-	-	-	-	-
13,158	14,189	14,316	15,592	15,715	16,580
2,874	3,173	3,535	3,318	3,762	9,672
-	-	-	-	-	-
1,917	2,055	2,083	2,056	2,340	2,539
10,437	8,126	8,662	9,753	10,221	10,194
-	-	-	-	-	-
15,268	16,001	16,711	17,770	19,639	21,756
16,879	33,453	36,255	39,229	41,525	36,304
9,019	11,185	13,383	14,080	14,970	13,665
5,214	6,557	6,829	10,274	9,009	9,528
148,994	174,535	183,653	194,615	199,316	219,912
(13,914)	(31,610)	(33,263)	(30,391)	(22,289)	(32,599)
21,099	24,375	26,728	23,501	30,261	33,184
(15,823)	(18,383)	(22,692)	(22,704)	(31,405)	(31,343)
35,085	8,285	53,810	34,655	24,945	16,005
17,295	7,600	960	-	27,685	-
5,232	1,477	5,136	565	5,373	1,355
(19,907)	(8,607)	(1,039)	-	(29,665)	-
-	257	-	1,111	256	5,900
42,981	15,004	62,903	37,128	27,450	25,101
$ 29,067	$ (16,606)	$ 29,640	$ 6,737	$ 5,161	$ (7,498)
10.77%	12.58%	13.71%	15.67%	15.20%	12.63%

City of Mesquite, Texas
Tax Revenues by Source – Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)
(Unaudited)

Year Ended September	Total	Ad Valorem Taxes	Sales Taxes		
			General	Liquor	Hotel/Motel
2012	$ 81,028	$ 35,828	$ 36,357	$ 173	$ 910
% Total	100.0	44.2	44.9	0.2	1.1
2013	82,412	35,138	38,497	199	1,040
% Total	100.0	42.6	46.7	0.2	1.3
2014	84,767	35,198	39,780	250	1,150
% Total	100.0	41.5	46.9	0.3	1.4
2015	87,368	36,439	41,310	271	1,267
% Total	100.0	41.7	47.3	0.3	1.5
2016	90,912	38,345	43,191	274	1,296
% Total	100.0	42.2	47.5	0.3	1.4
2017	97,633	44,459	43,664	273	1,539
% Total	100.0	45.5	44.7	0.3	1.6
2018	103,468	49,780	43,790	279	1,630
% Total	100.0	48.1	42.3	0.3	1.6
2019	112,214	57,535	44,575	284	2,010
% Total	100.0	51.3	39.7	0.3	1.8
2020	116,797	62,420	45,522	228	1,442
% Total	100.0	53.4	39.0	0.2	1.2
2021	125,478	64,726	51,478	280	1,559
% Total	100.0	51.6	41.0	0.2	1.2

Schedule 5

Gross Receipts Taxes					
Electrical	Gas	Telephone	Cable TV	Sanitation	Other
$ 4,138	$ 845	$ 526	$ 1,518	$ 698	$ 35
5.1	1.0	0.6	1.9	0.9	0.0
3,994	966	519	1,310	710	39
4.8	1.2	0.6	1.6	0.9	0.0
4,172	1,305	473	1,442	958	39
4.9	1.5	0.6	1.7	1.1	0.0
4,041	1,157	-	1,556	975	352
4.6	1.3	-	1.8	1.1	0.4
4,007	943	-	1,510	1,001	344
4.4	1.0	-	1.7	1.1	0.4
4,051	1,072	-	1,259	1,022	294
4.1	1.1	-	1.3	1.0	0.3
4,146	1,255	-	1,230	1,079	279
4.0	1.2	-	1.2	1.0	0.3
3,961	1,144	-	1,230	1,189	286
3.5	1.0	-	1.1	1.1	0.3
3,961	993	-	868	1,314	49
3.4	0.9	-	0.7	1.1	0.0
3,859	1,370	-	778	1,374	54
3.1	1.1	-	0.6	1.1	0.0

City of Mesquite, Texas
Taxable Sales by Category
Last Ten Fiscal Years
(amounts expressed in thousands)
(Unaudited)

	2012	2013	2014
General Merchandise Stores	$ 235,820	$ 240,520	$ 235,681
Eating and Drinking Establishments	223,860	233,982	240,528
Clothing and Apparel Stores	174,670	191,244	193,470
Building Materials, Garden Equipment, and Supplies	124,763	130,072	126,543
Home Furnishings and Appliances	125,966	129,970	114,419
Automotive Dealers, Service, and Supplies	55,177	58,316	60,449
Food and Grocery Stores (2)	44,979	53,449	53,765
Gas Stations	37,021	38,120	41,399
Other Retail Stores	138,624	147,084	158,885
All Other Outlets	654,958	705,904	789,761
Total Taxable Sales (1)	$1,815,838	$1,928,661	$2,014,900
City Direct Sales Tax Rate	2.0%	2.0%	2.0%

Notes:

(1) Sales tax filing information obtained from Texas Comptroller of Public Accounts. Taxable sales calculated by dividing sales taxes reported by the City's direct sales tax rate.

(2) General grocery items are not taxable; the sales tax applies only to prepared food items and nonfood items.

(3) Data subject to change as more precise reporting becomes available. Total sales tax received in FY21 will not tie to the financial statements from this schedule due to taxpayers' amended returns and late filers.

Schedule 6

2015	2016	2017	2018	2019	2020
$ 256,248	$ 282,485	$ 284,451	$ 298,272	$ 280,841	$ 261,938
259,762	273,022	281,283	286,661	290,527	278,764
196,123	198,003	212,609	190,250	206,658	186,787
133,744	155,725	149,725	127,790	149,031	152,098
134,511	152,402	138,242	158,791	132,850	134,323
64,477	68,707	67,741	64,476	86,346	89,447
54,923	56,981	59,041	67,033	42,939	95,888
45,480	48,377	49,944	51,453	56,808	50,335
168,257	181,988	185,967	191,585	189,601	219,692
764,131	746,715	775,586	818,658	822,433	787,669
$ 2,077,656	$ 2,164,405	$ 2,204,589	$ 2,254,969	$ 2,258,034	$ 2,256,941
2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

City of Mesquite, Texas
Sales Tax Revenue Payers by Industry
Current Year and Nine Years Ago
(Unaudited)

Schedule 7

	2021		2012	
	Number of Filers	Tax Liability	Number of Filers	Tax Liability
Retail Trade	3,009	$ 34,130,702	1,491	$ 22,845,599
Services	2,791	5,829,877	1,770	5,354,497
Transportation and Utilities	123	3,072,759	100	2,996,216
Wholesale Trade	1,564	2,836,002	1,037	863,908
Manufacturing	1,335	2,211,100	744	1,355,319
Construction	837	1,330,907	682	1,062,501
Finance, Insurance, and Real Estate	353	899,525	327	696,861
Agricultural	8	4,167	3	2,772
Mining	9	(5,254)	12	22,875
Public Administration	6	31,320	11	1,116,217
Total	10,035	$ 50,341,105	6,177	$ 36,316,765

Source: Texas Comptroller of Public Accounts

City of Mesquite, Texas
Sales Tax Rates – Direct and Overlapping
Last Ten Fiscal Years
(Unaudited)

Schedule 8

Fiscal Year	City of Mesquite				State of Texas	Total Sales Tax Rate
	Economic Development - 4B	Property Tax Relief	Regular Rate	Total COM		
2012	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2013	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2014	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2015	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2016	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2017	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2018	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2019	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2020	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%
2021	0.50%	0.50%	1.00%	2.00%	6.25%	8.25%

Source: Texas Comptroller of Public Accounts

Note: Overlapping rates are those of local, county, and state governments that apply within the city.

City of Mesquite, Texas
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)
(Unaudited)

Fiscal Year	Assessed and Actual Value of Property (1)					Total Assessed Value
	Real Property Residential	Real Property Commercial	Real Property Other	Utilities Real and Personal	Personal Property	
2012	$ 3,990,016	$ 1,754,347	$ 231,151	$ 102,613	$ 746,505	$ 6,824,632
2013	3,883,652	1,749,220	205,574	103,260	757,902	6,699,608
2014	3,837,683	1,810,542	225,413	102,909	779,653	6,756,200
2015	4,026,866	1,905,028	206,709	111,081	826,306	7,075,990
2016	4,254,661	1,983,357	209,767	109,107	833,635	7,390,527
2017	4,784,452	2,111,684	207,429	113,444	895,405	8,112,414
2018	5,433,038	2,252,673	206,414	114,705	966,735	8,973,565
2019	6,167,059	2,412,704	253,364	133,646	1,035,854	10,002,627
2020	6,528,588	2,766,119	239,948	142,322	1,093,135	10,770,112
2021	6,942,391	2,622,980	250,263	140,857	1,030,762	10,987,253

Source: Dallas Central Appraisal District and Kaufman Central Appraisal District

Notes:

(1) Assessed value is 100% of estimated actual value for all years as determined by the appraisal districts. Values are as of January 1 of the calendar year prior to the fiscal year-end date.

(2) Exemptions are granted by the City within the constraints of Texas Constitutional law.

(3) Total taxable valuation here is based on the certified roll and is net of Tax Incentive Financing Districts (TIF) in the amount of $353,849. The taxable value upon which the tax levy was based, noted in footnote 4 in the Notes to Basic Financial Statements, includes the TIF value. ($8,473,165 + $353,849= $8,827,014).

(4) Tax rate is per $100 assessed valuation.

Schedule 9

Less: Exemptions, Abatements, and TIFs (2)					
Exemptions Granted	Tax Abatements	Tax Incentive Financing Districts (TIF)	Total Exemptions	Total Taxable Valuation (3)	Tax Rate (4)
$ 1,065,133	$ 10,207	$ 121,721	$ 1,197,061	$ 5,627,571	0.64000
1,092,748	-	128,565	1,221,313	5,478,295	0.64000
1,143,482	-	148,404	1,291,886	5,464,314	0.64000
1,189,509	-	150,640	1,340,149	5,735,841	0.64000
1,253,159	-	174,807	1,427,966	5,962,562	0.64000
1,384,473	-	200,471	1,584,944	6,527,470	0.68700
1,651,691	-	222,549	1,874,240	7,099,325	0.68700
1,938,037	-	232,249	2,170,286	7,832,341	0.73400
2,090,556	-	306,111	2,396,667	8,373,445	0.73400
2,147,512	-	353,849	2,501,361	8,485,892	0.70862

City of Mesquite, Texas
Property Tax Rates – Direct and Overlapping Governments (Per $100 Assessed Valuation) Last Ten Fiscal Years (Unaudited)

Schedule 10

Fiscal Year	City of Mesquite			Overlapping Rates (1)					Total Direct & Overlapping Rates
	General	Debt Service	Total	Dallas County	Dallas County Hospital District	Dallas Community College District	Dallas County School Equalization	Mesquite Independent School District	
2012	0.46859	0.17141	0.64000	0.24310	0.27100	0.09967	0.01000	1.42000	2.68377
2013	0.46225	0.17775	0.64000	0.24310	0.27100	0.11938	0.00994	1.42000	2.70341
2014	0.45953	0.18047	0.64000	0.24310	0.27600	0.12470	0.01000	1.41000	2.70380
2015	0.46220	0.17780	0.64000	0.24310	0.28600	0.12478	0.01000	1.41000	2.71388
2016	0.43637	0.20363	0.64000	0.24310	0.28600	0.12365	0.01000	1.41000	2.71275
2017	0.45542	0.23158	0.68700	0.24310	0.27940	0.12293	0.00927	1.46000	2.80170
2018	0.44972	0.23728	0.68700	0.24310	0.27940	0.12424	0.01000	1.46000	2.80374
2019	0.48792	0.24608	0.73400	0.24310	0.27940	0.12400	0.01000	1.52000	2.91050
2020	0.50390	0.23010	0.73400	0.24310	0.26950	0.12400	0.01000	1.45000	2.83060
2021	0.49764	0.21099	0.70862	0.22790	0.25500	0.12350	0.01000	1.31200	2.63700

Source: (1) Budget Department and Dallas Central Appraisal District, Tax Unit Rates

Notes: Overlapping rates are those of local and county governments that apply to property owners within the city. Not all overlapping rates apply to all city property owners (e.g., the rates for the Mesquite Independent School District apply only to the proportion of the city's property owners whose property is located within the Mesquite I.S.D. geographical boundaries.) A small percent of city property owners are within the boundaries of the Dallas I.S.D. or Garland I.S.D.

City of Mesquite, Texas
Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Schedule 11

Taxpayer	2021 Taxable Assessed Value	2021 Rank	2021 Percent of Total Taxable Assessed Valuation	Per 2012 ACFR Taxable Assessed Value	Per 2012 ACFR Rank	Per 2012 ACFR Percent of Total Taxable Assessed Valuation
Town East Mall	$ 131,490,990	$ 1	2.34%	$ 124,935,240	$ 1	2.22%
Ashley Furniture Ind	77,656,370	2	1.38%	50,121,945	2	0.89%
Pepsi Colo Bottling Company	72,132,300	3	1.28%			0.00%
Market East Associates LLC	69,000,000	4	1.23%			0.00%
Oncor Electric Delivery	61,207,113	5	1.09%	44,741,820	3	0.80%
Mesquite Owner	54,866,390	6	0.97%			0.00%
Ocean Barons LP	51,500,000	7	0.92%			0.00%
IRIS USA Inc.	42,542,840	8	0.76%	20,267,036	4	0.36%
Frontage Apartments	37,630,000	9	0.67%			0.00%
Tripp Fee Owner LLC	36,296,680	10	0.64%			0.00%
Barons Investors II LP				27,000,000	5	
Alliance WE LP				24,463,000	6	
Sun Life Asure Co of Can				33,555,990	7	
DDR MDT Marketplace				22,758,010	8	
CNC - Swagat Nine LTD				19,150,000	9	
Virtu Mission Ranch				18,750,000	10	
Total	$ 634,322,683		11.27%	$ 385,743,041		6.85%
Total Taxable Assessed Valuation	$8,485,892,000			$5,627,570,577		

Source: Tax Division, Finance Department
Total Taxable Assessed Valuation from Schedule 9 and 15.

City of Mesquite, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Schedule 12

Fiscal Year Ended September 30	Adjusted Current Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes (1)
		Amount	Percent of Levy		Amount	Percent of Levy	
2012	$ 35,677,427	$ 35,225,462	98.73	$ 314,859	$ 35,540,321	99.62	$ 137,106
2013	34,819,001	34,336,926	98.62	319,409	34,656,335	99.53	162,666
2014	34,961,217	34,457,251	98.56	308,934	34,766,185	99.44	195,032
2015	36,282,438	35,805,787	98.69	293,466	36,099,253	99.50	183,185
2016	37,960,913	37,517,675	98.83	279,418	37,797,093	99.57	163,820
2017	43,954,143	43,411,278	98.76	328,065	43,739,343	99.51	214,800
2018	48,024,985	47,447,876	98.80	363,716	47,811,592	99.56	213,393
2019	55,708,582	54,944,161	98.63	329,079	55,273,240	99.22	435,342
2020	62,122,209	61,308,860	98.69	197,632	61,506,492	99.01	615,717
2021	64,440,516	63,717,089	98.88	-	63,717,089	98.88	723,427

Note: Collections do not include penalty and interest on delinquent taxes.

City of Mesquite, Texas
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Schedule 13

Fiscal Year	Governmental Activities: General Obligation Bonds	Certificates of Obligations	Special Assessment Bonds	Net Premium/ (Discount) on Bonds (2)	Public Property Finance Contractual Obligations	Notes Payable	Capital Lease Obligations	Total
2012	$ 37,545,000	$ 79,950,000	$ -	$ -	$ 1,505,000	$ 3,420,915	$ 160,428	$ 122,581,343
2013	38,415,000	80,035,000	-	-	390,000	2,889,779	78,809	121,808,588
2014	41,355,000	80,605,000	-	-	-	2,337,487	5,973	124,303,460
2015	40,995,000	88,355,000	-	3,830,389	-	1,763,191	25,644	134,969,224
2016	79,340,000	74,945,000	-	8,521,721	-	1,166,008	-	163,972,729
2017	82,210,000	69,235,000	-	9,385,301	-	578,096	-	161,408,397
2018	108,940,000	76,200,000	7,245,000	12,808,171	-	-	-	205,193,171
2019	100,740,000	80,385,000	31,835,000	11,634,912	-	-	-	224,594,912
2020	122,010,000	67,685,000	31,835,000	14,613,527	-	-	-	236,143,527
2021	112,855,000	79,550,000	31,465,000	14,022,079	-	-	-	237,892,079

Fiscal Year	Business-Type Activities: Water/ Sewer Revenue Bonds	Drainage Utility District Revenue Bonds	Net Premium/ (Discount) on Bonds (2)	Water/ Sewer Capital Lease Obligations	Total	Total Primary Government	Percentage of Effective Buying Income (1)	Per Capita (1)
2012	$ 72,445,000	$ 3,950,000	$ -	$ 56,700	$ 76,451,700	$ 199,033,043	7.85%	$ 1,422.17
2013	72,095,000	3,335,000	-	41,052	75,471,052	197,279,640	7.52%	1,406.73
2014	73,633,158	2,947,686	-	24,274	76,605,118	200,908,578	7.08%	1,412.76
2015	72,195,000	2,485,000	2,276,216	6,282	76,962,498	211,931,722	8.21%	1,490.06
2016	73,105,000	2,060,000	3,344,683	-	78,509,683	242,482,412	9.04%	1,696.27
2017	75,100,000	1,625,000	4,376,177	-	81,101,177	242,509,574	8.74%	1,695.16
2018	76,525,000	1,175,000	4,773,464	-	82,473,464	287,666,635	10.18%	2,006.74
2019	85,650,000	8,725,000	5,642,059	-	100,017,059	324,611,971	10.82%	2,238.24
2020	98,140,000	8,140,000	7,983,134	-	114,263,134	350,406,661	11.52%	2,409.78
2021	117,875,000	7,630,000	9,490,914	-	134,995,914	372,887,993	10.37%	2,484.13

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 18 - Demographic and Economic Statistics for effective buying income and population data.

(2) Net premium/discount on bonds payable is presented starting with fiscal year 2015.

City of Mesquite, Texas
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Schedule 14

Fiscal Year	Population (1)	Taxable Assessed Value (in 000s) (2)	General Bonded Debt	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Taxable Value of Property	Net General Bonded Debt Per Capita
2012	139,950	$ 5,627,571	$ 122,581,343	$ 56,293	$ 122,525,050	2.18%	$ 875.49
2013	140,240	5,478,295	121,808,588	138,486	121,670,102	2.22%	867.58
2014	142,210	5,464,314	124,303,460	483,072	123,820,388	2.27%	870.69
2015	142,230	5,735,841	134,969,224	470,685	134,498,539	2.34%	945.64
2016	142,950	5,962,562	163,972,729	85,167	163,887,562	2.75%	1,146.47
2017	143,060	6,527,470	161,408,397	599,175	160,809,222	2.46%	1,124.07
2018	143,350	7,099,325	197,948,171	45,694	197,902,477	2.79%	1,380.55
2019	145,030	7,832,341	192,759,912	4,167	192,755,745	2.46%	1,329.07
2020	145,410	8,373,445	204,308,527	821,500	203,487,027	2.43%	1,399.40
2021	150,108	8,485,892	206,427,079	1,413,685	205,013,394	2.42%	1,365.77

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Sources: (1) See Schedule 15
(2) See Schedule 9

City of Mesquite, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2021
(Unaudited)

Schedule 15

Taxing Jurisdiction	Total Outstanding Debt (1)	Estimated Percent Applicable (2)	Direct and Estimated Overlapping Debt
Direct-			
City of Mesquite	$ 237,892,079	100.00%	$ 237,892,079
Overlapping-			
Dallas County	116,665,000	3.04%	3,546,616
Dallas County Community College District	166,750,000	3.04%	5,069,200
Dallas County Hospital District	575,530,000	3.04%	17,496,112
Dallas County Schools	16,679,652	3.04%	507,061
Kaufman County	149,848,357	0.11%	164,833
Mesquite Independent School District	724,608,219	85.87%	622,221,078
Dallas Independent School District	3,259,600,000	0.14%	4,563,440
Forney Independent School District	509,909,858	0.23%	1,172,793
Garland Independent School District	464,615,000	0.02%	92,923
Total overlapping	5,984,206,086		654,834,056
Total direct and estimated overlapping bonded debt	$ 6,222,098,165		$ 892,726,135
Ratio, direct and estimated overlapping debt to fiscal 2021 taxable assessed valuation (3)			10.54%
Per capita direct and estimated overlapping bonded debt (4)			$ 5,947

Notes:

(1) Including bonds payable, notes payable and capital leases. Source is most recent Texas Municipal Reports, publication of the Municipal Advisory Council of Texas

(2) The methodology for deriving overlapping percentages is to determine the estimated shared assessed valuation of the overlapping taxing body(s) and the City's; divide the shared value by the total assessed value of the overlapping taxing body.

(3) Fiscal 2021 taxable assessed valuation (Net of TIF $8,485,892,547)

(4) Based on 2021 population of 150,108.

City of Mesquite, Texas
Debt Margin Information
September 30, 2021
(Unaudited)

Schedule 16

As a home rule city, the City of Mesquite is not limited by law in the amount of debt it may issue. The City's charter (Article 5, Section 2) states:

> "The city council shall have the power and is hereby authorized and made its duty to levy, assess, and collect annually for general purposes authorized by laws and for the purpose of paying the interest and providing the sinking fund on the bonded indebtedness of the City of Mesquite now in existence or which may hereafter be created an ad valorem tax on real, personal or mixed property in such amounts and at such rates as shall be determined by the city council subject to applicable limitations and prohibitions now or hereafter contained in the Constitution of the State of Texas."

Article 11, Section 5 of the State of Texas Constitution states in part:

> "but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city."

The tax rate at September 30, 2021, is $0.70862 per $100 of assessed valuation with assessed valuation being 100% of market value.

City of Mesquite, Texas
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Schedule 17

Year Ended September	Operating Revenue and Other (1)	Less: Operating Expense and Other (2)	Net Available Revenue	Total Debt Payments Required (3)	Years Remaining	Average Annual Debt Payment	Coverage (4)
WATER AND SEWER BONDS							
2012	$ 44,339,863	$ 30,452,086	$ 13,887,777	$ 95,751,908	20	$ 4,787,595	2.9
2013	44,892,336	34,046,541	10,845,795	94,114,740	20	4,705,737	2.3
2014	46,909,102	34,731,035	12,178,067	92,892,214	20	4,644,611	2.6
2015	53,676,246	37,584,068	16,092,178	93,172,648	20	4,658,632	3.5
2016(5)	59,870,312	46,899,920	12,970,392	93,973,373	20	4,698,669	2.8
2017	63,876,537	49,921,956	13,954,581	97,269,491	20	4,863,475	2.9
2018	68,430,178	52,242,775	16,187,403	99,859,175	20	4,992,959	3.2
2019	70,519,694	54,779,163	15,740,531	111,838,664	20	5,591,933	2.8
2020	74,595,801	56,492,038	18,103,763	130,118,763	20	6,505,938	2.8
2021	71,914,724	54,222,142	17,692,582	153,137,668	20	7,656,883	2.3
DRAINAGE UTILITY DISTRICT BONDS							
2012	$ 2,201,193	$ 943,626	$ 1,257,567	$ 4,481,859	10	$ 448,186	2.8
2013	2,171,118	661,823	1,509,295	3,763,916	9	418,213	3.6
2014	2,804,769	687,903	2,116,866	3,237,015	8	404,627	5.2
2015	3,380,515	717,806	2,662,709	2,739,938	7	391,420	6.8
2016(5)	3,818,308	888,855	2,929,453	2,243,100	6	373,850	7.8
2017	4,013,757	1,039,904	2,973,853	1,747,556	5	349,511	8.5
2018	4,062,964	1,139,921	2,923,043	1,249,744	4	312,436	9.4
2019	4,168,327	1,385,229	2,783,098	11,721,457	20	586,073	4.7
2020	4,861,275	1,778,341	3,082,934	10,788,494	19	567,815	5.4
2021	4,870,622	1,629,262	3,241,360	10,013,519	18	556,307	5.8

Year Ended September	Special Assessment Collections	Total Debt Payments Required (3)	Years Remaining	Average Annual Debt Payment	Coverage
SPECIAL ASSESSMENT BONDS					
2018(6)	$ -	$ 14,856,855	30	495,229	0.0
2019	865,155	66,460,128	30	2,215,338	0.4
2020	406,175	64,573,276	29	2,226,665	0.2
2021	2,552,381	62,442,732	28	2,230,098	1.1

Notes:

(1) Includes operating and nonoperating revenues.

(2) Includes operating and non-operating expenses exclusive of depreciation, interest expense, And bond issuance costs.

(3) Includes principal and interest of revenue bonds only. Principal and interest amounts represent the amounts payable in subsequent fiscal years.

(4) The Water and Sewer Bond coverage requirement is 1.5 and the Drainage Utility District Bond coverage requirement is 1.25. The coverage calculation is Net Revenue Available divided by the Average Annual Debt Payment.

(5) Effective with Fiscal Year 2016, transfers out are included in the Operating Expense and Other amounts.

(6) 2018 was the year of issuance. Accordingly, no principal payments were scheduled. Further, there was not any special assessment debt outstanding in the previous years that was secured by pledged revenue.

City of Mesquite, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Schedule 18

Fiscal Year	Population (1)	Total Retail Sales (in thousands of dollars) (2)	Effective Buying Income (EBI) (in thousands of dollars) (2)	Median Household EBI (2)	Number of Households (2)	School Enrollment (3)	Unemployment Unemployment Rate (4)
2012	139,950	N/A	$ 2,536,152	$ 51,773	48,986	38,118	6.8%
2013	140,240	N/A	2,624,125	51,763	50,695	38,609	6.3%
2014	142,210	N/A	2,836,910	55,076	51,509	39,220	5.2%
2015	142,230	N/A	2,581,622	49,871	51,766	39,527	4.3%
2016	142,950	N/A	2,683,515	52,395	51,217	41,067	3.9%
2017	143,060	N/A	2,774,535	54,440	50,965	41,025	3.2%
2018	143,350	N/A	2,824,625	55,890	50,539	41,022	3.7%
2019	145,030	N/A	2,999,387	59,149	50,709	39,638	3.5%
2020	145,410	N/A	3,042,094	61,047	49,832	38,533	8.1%
2021	150,108	N/A	3,595,191	68,229	52,693	38,359	4.8%

Sources: (1) Population count is determined by official ordinance adopted by City Council as of October 1 of each year.

(2) Effective Buying Income estimated based on median household EBI and number of households; information obtained from the City Economic Development Department.

(3) Mesquite Independent School District

(4) Texas Workforce Commission

City of Mesquite, Texas
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Schedule 19

Employer	2021 Range	2012 Range
Mesquite Independent School District	1,000 +	1,000 +
Town East Mall	1,000 +	
United Parcel Service Inc	1,000 +	1,000 +
Baker Triangle	1,000 +	
City of Mesquite	1,000 +	1,000 +
Eastfield College	500-999	100-599
Dallas Regional Medical Center (Formerly Mesquite Community Hospital)	500-999	500-999
Walmart Supercenter	500-999	500-999
Pepsi Beverages Co	500-999	500-999
Ashley Furniture	500-999	
Texas Dept of Transportation-Dallas District		500-999
American Marazzi Tile Inc		500-999
Fritz Industries		200-599
Total Estimated City Employment	73,311	70,360

Source: GISPlanning (a data company) and the City of Mesquite Economic Development Division, Business Retention and Expansion data collected by in-person interviews

Note: Employees listed by employer are estimates.

City of Mesquite, Texas
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

	2012	2013	2014	2015
By Functions				
General government	111.13	113.25	117.25	118.50
Fire services	207.00	208.00	206.00	207.00
Police services	315.00	315.00	314.50	314.50
Field services	129.00	129.00	129.00	129.00
Public works	24.00	24.00	23.00	22.00
Planning and Community development	37.40	35.40	36.40	36.40
Housing services	21.60	21.60	21.10	20.60
Library services	32.08	32.08	32.08	31.71
Parks and recreation	123.68	123.68	123.54	117.47
Community services	28.10	28.10	27.85	27.35
Water and Sewer	107.07	109.07	109.07	109.07
Drainage utility district	7.00	7.00	7.00	7.00
Municipal airport	7.38	8.05	7.90	7.90
Total employees by function	1,150.44	1,154.23	1,154.69	1,148.50
By Departments				
Administration	28.50	30.00	31.00	33.50
City Secretary	3.00	3.00	3.00	3.00
City Attorney	7.00	7.00	8.00	8.00
Human Resources	14.00	14.00	15.00	14.00
Budget and Research	2.00	2.00	1.00	1.00
Finance	54.63	57.25	58.25	58.00
Information Technology	15.00	15.00	16.00	16.00
Fire service	207.00	208.00	206.00	207.00
Police Service	315.00	315.00	314.50	314.50
Public Works	254.07	254.07	253.07	252.07
Housing and community service	49.70	49.70	48.95	47.95
Planning and Community development	37.40	35.40	36.40	36.40
Parks/ Recreation/Building service	123.68	123.68	123.54	117.47
Library service	32.08	32.08	32.08	31.71
Airport service	7.38	8.05	7.90	7.90
Total employees by department	1,150.44	1,154.23	1,154.69	1,148.50
By Fund				
General	1,004.39	1,005.51	1,007.62	1,000.43
Grants	22.60	22.60	21.10	20.60
Water and Sewer	107.07	109.07	109.07	110.07
Drainage Utility District	7.00	7.00	7.00	7.00
Municipal Airport	7.38	8.05	7.90	7.90
Golf Course (1)				
Hotel/Motel	2.00	2.00	2.00	2.50
Total employees by fund	1,150.44	1,154.23	1,154.69	1,148.50

Source: Current and prior year City of Mesquite Annual Operating Budget documents

Notes:

(1) Golf Course fund created in 2017.

Schedule 20

2016	2017	2018	2019	2020	2021
124.86	131.61	135.39	139.24	141.83	141.83
207.00	212.00	214.00	217.00	213.00	227.00
324.50	327.50	331.50	333.50	337.50	347.50
129.00	131.00	130.00	134.00	139.00	142.00
22.00	23.00	23.00	24.00	24.00	21.00
42.95	45.05	48.25	52.25	52.25	55.25
20.55	19.45	18.50	18.50	17.50	17.50
31.72	32.72	32.72	32.72	32.72	32.72
121.09	120.09	122.09	131.79	131.79	149.79
18.35	18.35	17.35	18.35	21.00	22.00
109.07	112.07	117.57	112.57	111.57	123.57
7.00	7.00	7.00	10.00	11.00	12.00
7.90	7.90	7.90	9.48	9.48	9.48
1,165.99	1,187.74	1,205.27	1,233.40	1,242.64	1,301.64
38.00	42.25	42.25	42.50	43.00	42.00
4.00	4.00	4.00	4.00	5.00	5.00
8.00	9.00	9.00	9.60	9.60	9.60
13.00	14.50	14.50	14.50	14.50	15.50
-	-	-	-	-	
60.86	60.86	63.14	63.14	63.23	63.23
16.00	16.00	16.50	17.50	17.50	18.50
207.00	212.00	214.00	217.00	213.00	227.00
324.50	327.50	331.50	333.50	337.50	347.50
252.07	258.07	263.57	268.57	274.57	286.57
38.90	37.80	35.85	36.85	38.50	39.50
42.95	45.05	48.25	52.25	52.25	55.25
121.09	120.09	122.09	131.79	131.79	149.79
31.72	32.72	32.72	32.72	32.72	32.72
7.90	7.90	7.90	9.48	9.48	9.48
1,165.99	1,187.74	1,205.27	1,233.40	1,242.64	1,301.64
1,017.72	1,036.32	1,032.58	1,064.13	1,073.37	1,119.37
20.30	19.45	18.50	18.50	17.50	17.50
110.57	113.57	119.07	111.57	111.57	123.57
7.00	7.00	7.00	10.00	11.00	12.00
7.90	7.90	7.90	9.48	9.48	9.48
	16.72	16.72	16.72	16.72	16.72
2.50	3.50	3.50	3.00	3.00	3.00
1,165.99	1,204.46	1,205.27	1,233.40	1,242.64	1,301.64

City of Mesquite, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

	2012	2013	2014	2015
Functions				
Fire services				
Number of calls answered	15,247	15,086	16,823	17,693
Inspections	4,784	3,279	3,077	2,493
Police services				
Reported index crimes	6,940	6,865	6,237	6,346
Criminal arrests	5,316	5,086	4,737	4,679
Traffic citations	38,477	42,330	33,970	24,965
Field services				
Residential solid waste customers	37,500	37,500	37,540	37,540
Annual tons recycled	32,124	35,556	37,804	37,850
Work hours per mile of streets and alleys	80.62	79.08	84.10	82.25
Public works				
Traffic studies conducted	314	313	302	330
Engineering Information requests	55,998	52,744	41,377	107,853
Housing services				
Number of HUD allocated unit months	16,848	16,848	16,848	16,848
Community development				
Residential building permits	1,272	1,414	1,344	1,580
Commercial building permits	147	166	299	626
Environmental code violations	20,205	15,094	15,685	15,881
Food inspections conducted	1,806	1,411	1,917	1,909
Library services				
Library visits per capita	2.52	2.42	2.24	2.32
Registered borrowers per capita	0.33	0.33	0.31	0.31
Parks and recreation				
Work hours per acre of park land	59.84	60.13	60.13	59.23
Athletic program participants	15,020	2,111	2,945	3,100
Aquatic program participants	92,738	76,242	76,301	85,000
Tennis program participants	6,000	8,589	8,691	8,500
Recreation centers programs offered	1,010	1,000	1,100	1,000
Community services				
Number of health clinic clients	3,787	2,844	2,624	2,430
Number of volunteer hours	54,622	59,564	65,733	68,868
Arts center events	601	486	588	1,206
Arts center participants	67,227	57,318	70,925	138,225
Animals processed by animal shelter	7,419	6,523	6,648	6,592
Water and Sewer				
Number of gallons of water pumped (000s)	6,164,038	5,789,895	5,516,359	5,855,090
Water main breaks	237	306	286	276
Miles of sewer mains cleaned	129	128	116	82

Source: Prior and Current year City of Mesquite Annual Operating Budget

(1) The metric used to track engineering information requests was re-evaluated in FY21 and as a result, the previous metric (Public Works website inquiries) has been discontinued. Starting in FY21, a metric more closely tied to Public Works functions (number of Engineering Records Requests filed and completed) has been put into practice.

(2) The health clinic closed in 2020.

Schedule 21

2016	2017	2018	2019	2020	2021
18,539	18,691	18,558	18,726	18,609	22,156
1,250	1,812	3,068	2,809	2,080	2,562
6,323	5,923	5,798	5,698	5,391	6,944
4,749	4,996	6,147	6,510	4,638	4,122
18,116	26,912	31,188	37,111	28,122	20,656
37,500	37,600	37,600	38,000	38,000	39,263
37,850	40,296	40,084	40,193	40,200	53,421
298.10	289.06	249.07	63.24	88.19	86.73
355	648	554	831	990	1,120
371,971	486,417	937,595	971,341	1,002,266	1,290 [1]
16,848	16,848	16,848	16,848	17,382	17,928
2,229	2,181	2,744	3,387	3,495	4,035
633	720	890	470	189	550
14,132	25,701	20,472	19,469	16,399	26,077
2,072	2,128	2,198	2,232	1,869	2,414
2.06	1.89	1.83	1.77	0.92	0.79
0.22	0.23	0.21	0.20	0.05	0.15
59.41	60.24	36.04	40.46	42.01	36.30
3,515	3,523	3,182	3,093	1,371	5,132
78,586	78,247	73,516	74,318	389	29,436
9,327	8,500	6,500	2,780	5,650	1,238
1,037	1,135	900	1,672	1,035	1,115
2,187	2,307	2,713	3,731	215	0 [2]
80,843	74,945	83,075	61,021	29,111	51,427
1,180	1,330	1,050	640	216	276
167,850	174,300	143,660	80,840	22,830	55,780
6,070	5,567	6,001	6,543	4,984	6,205
5,973,641	5,346,643	5,787,400	6,066,383	5,909,548	6,101,734
395	105	243	172	206	132
118	126	155	150	126	125

City of Mesquite, Texas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(Unaudited)

	2012	2013	2014
Functions			
Police services			
Police vehicles	223	226	262
Field services			
Miles of streets	440	440	440
Miles of alleys	220	220	220
Number of vehicles in City fleet	702	690	760
Parks and recreation			
Parks acreage	1,430	1,450	1,450
Number of parks	68	68	69
Water and Sewer			
Water system miles	567	567	567
Water system connections	54,961	54,000	54,964
Sewer system miles	493	493	493
Sewer system connections	53,750	53,700	53,714

Source: Current and prior year City of Mesquite Annual Operating Budget documents

Schedule 22

2015	2016	2017	2018	2019	2020	2021
221	226	217	220	235	248	238
440	440	440	440	440	440	440
220	220	220	220	220	220	220
734	660	702	675	722	742	857
1,650	1,650	1,700	1,700	1,700	1,700	1,700
70	70	70	70	70	70	70
568	568	585	485	602	613	630
55,135	55,174	54,608	52,688	55,725	55,980	57,225
494	494	483	498	485	483	491
53,764	53,803	52,604	52,688	55,725	55,980	57,225

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FINANCE OFFICE
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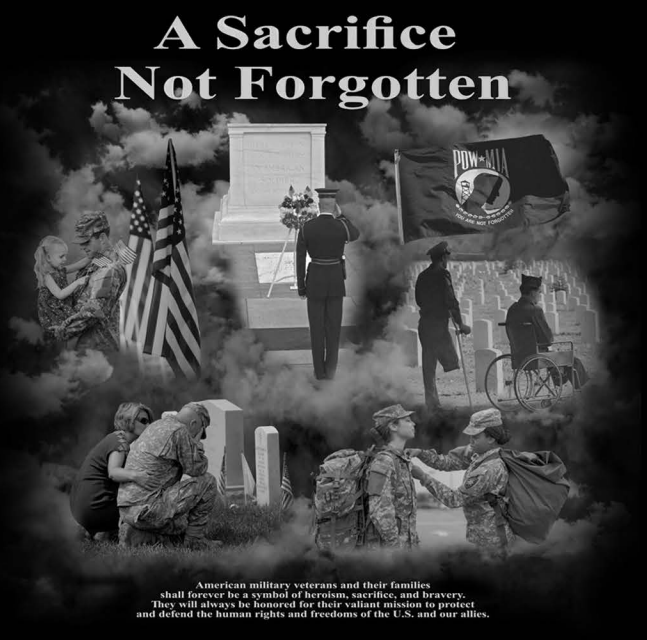
THE MESQUITE VETERANS MEMORIAL WAS DEDICATED NOVEMBER 6, 2020. AS PART OF THE RIBBON CUTTING CEREMONY, MAYOR BRUCE ARCHER WAS JOINED BY DR. ANGEL RIVERA, MILITARY VETERAN, MS. MARY BORDER, GOLD STAR MOTHER, MR. RANDY LAWSON, HEROES OF MESQUITE, AND MR. ORIC WALKER, ATMOS ENERGY.


A Sacrifice
Not Forgotten
POW-MIA
American military veterans and their families
shall forever be a symbol of heroism, sacrifice, and bravery.
They will always be honored for their valiant mission to protect
and defend the human rights and freedoms of the U.S. and our allies.

World War I
1917 - 1918

World War II
1941 - 1945

Korean War
1950 - 1953

Vietnam War
1965 - 1973

War on Terrorism
2001 - Present